# UNITED STATES SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**
# Form 10-K

**(Mark One)**

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the Fiscal Year Ended December 31, 2017**

**or**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File No. 1-32630**

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

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

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

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

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

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

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

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

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

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

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

| | | |
|---|---|---|
| Large accelerated filer ☑ | Accelerated filer o | |
| Non-accelerated filer o<br>(Do not check if a smaller reporting company) | Smaller reporting company o | Emerging growth company o |

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

The aggregate market value of the shares of FNF common stock held by non-affiliates of the registrant as of June 30, 2017 was $8,461,286,198 based on the closing price of $32.37 as reported by The New York Stock Exchange.

As of January 31, 2018 there were 274,438,819 shares of FNF common stock outstanding.

The information in Part III hereof for the fiscal year ended December 31, 2017, will be filed within 120 days after the close of the fiscal year that is the subject of this Report.

**FIDELITY NATIONAL FINANCIAL, INC.**
**FORM 10-K**
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# PART I

## Item 1. *Business*

***Introductory Note***

The following describes the business of Fidelity National Financial, Inc. and its subsidiaries. Except where otherwise noted, all references to “we,” “us,” “our,” "the Company" or “FNF” are to Fidelity National Financial, Inc. and its subsidiaries, taken together.

***Overview***

We are a leading provider of (i) title insurance, escrow and other title-related services, including trust activities, trustee sales guarantees, recordings and reconveyances and home warranty products and (ii) technology and transaction services to the real estate and mortgage industries. FNF is the nation’s largest title insurance company operating through its title insurance underwriters - Fidelity National Title Insurance Company ("FNTIC"), Chicago Title Insurance Company ("Chicago Title"), Commonwealth Land Title Insurance Company ("Commonwealth Title"), Alamo Title Insurance and National Title Insurance of New York Inc. - which collectively issue more title insurance policies than any other title company in the United States. Through our subsidiary ServiceLink Holdings, LLC ("ServiceLink"), we provide mortgage transaction services including title-related services and facilitation of production and management of mortgage loans.

As of December 31, 2017, we had the following reporting segments:

- *Title.* This segment consists of the operations of our title insurance underwriters and related businesses. This segment provides core title insurance and escrow and other title-related services including trust activities, trustee sales guarantees, recordings and reconveyances, and home warranty products. This segment also includes our transaction services business, which includes other title-related services used in the production and management of mortgage loans, including mortgage loans that experience default.

- *Corporate and Other.* This segment consists of the operations of the parent holding company, our various real estate brokerage businesses, and Commissions, Inc. ("CINC") and other real estate technology subsidiaries. This segment also includes certain other unallocated corporate overhead expenses and eliminations of revenues and expenses between it and our Title segment.

In the year ended December 31, 2017, we completed two significant transactions which simplified the structure of our business.

On November 17, 2017 we completed our previously announced split-off (the “FNFV Split-Off”) of our former wholly-owned subsidiary Cannae Holdings, Inc. (“Cannae”) which consisted of the businesses, assets and liabilities formerly attributed to our FNF Ventures ("FNFV") Group including Ceridian Holding, LLC, American Blue Ribbon Holdings, LLC and T-System Holding LLC. The FNFV Split-Off was accomplished by the Company's redemption (the “Redemption”) of all of the outstanding shares of FNFV Group common stock, par value $0.0001 per share (“FNFV common stock”) for outstanding shares of common stock of Cannae, par value $0.0001 per share (“Cannae common stock”), amounting to a redemption on a per share basis of each outstanding share of FNFV common stock for one share of Cannae common stock, as of November 17, 2017. As a result of the FNFV Split-Off, Cannae is a separate, publicly traded company (NYSE: CNNE). All of the Company’s core title insurance, real estate, technology and mortgage related businesses, assets and liabilities previously attributed to the Company’s FNF Group common stock that were not held by Cannae remain with the Company. As a result of the FNFV Split-Off, we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated Balance Sheet as of December 31, 2016. Further, the financial results of FNFV Group have been reclassified to discontinued operations for all periods presented in our Consolidated Statements of Earnings. See Note G. *Discontinued Operations* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report for further details of the results of FNFV Group.

On September 29, 2017 we completed our tax-free distribution to FNF Group shareholders, of all 83.3 million shares of New BKH Corp. ("New BKH") common stock that we previously owned (the “BK Distribution”). Immediately following the BK Distribution, New BKH and Black Knight Financial Services, Inc. ("Black Knight") engaged in a series of transactions resulting in the formation of a new publicly-traded holding company, Black Knight, Inc. ("New Black Knight"). Holders of FNF Group common stock received approximately 0.30663 shares of New Black Knight common stock for every one share of FNF Group common stock held at the close of business on September 20, 2017, the record date for the BK Distribution. New Black Knight's common stock is now listed under the symbol “BKI” on the New York Stock Exchange. The BK Distribution is expected to generally be tax-free to FNF Group shareholders for U.S. federal income tax purposes, except to the extent of any cash received in lieu of New Black Knight's fractional shares. As a result of the BK Distribution, we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated Balance Sheet as of December 31, 2016. Further, the financial results of Black Knight have been reclassified to discontinued operations for all periods presented in our Consolidated

Statements of Earnings. See Note G. *Discontinued Operations* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report for further details of the results of Black Knight.

***Competitive Strengths***

We believe that our competitive strengths include the following:

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

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

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

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

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

*Leading title insurance company.* We are the largest title insurance company in the United States and a leading provider of title insurance and escrow and other title-related services for real estate transactions. Through the third quarter of 2017, our insurance companies had a 33.4% share of the U.S. title insurance market, according to the American Land Title Association ("ALTA").

*Established relationships with our customers.* We have strong relationships with the customers who use our title services. Our distribution network, which includes approximately 1,400 direct residential title offices and more than 5,200 agents, is among the largest in the United States. We also benefit from strong brand recognition in our multiple title brands that allows us to access a broader client base than if we operated under a single consolidated brand and provides our customers with a choice among brands.

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

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

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

***Strategy***

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

- *Continue to operate multiple title brands independently*. We believe that in order to maintain and strengthen our title insurance customer base, we must operate our strongest brands in a given marketplace independently of each other. Our national and regional brands include Fidelity National Title, Chicago Title, Commonwealth Land Title, Lawyers Title, Ticor Title, Alamo Title, and National Title of New York. In our largest markets, we operate multiple brands. This approach allows us to continue to attract customers who identify with a particular brand and allows us to utilize a broader base of local agents and local operations than we would have with a single consolidated brand.

- *Consistently deliver superior customer service.* We believe customer service and consistent product delivery are the most important factors in attracting and retaining customers. Our ability to provide superior customer service and consistent product delivery requires continued focus on providing high quality service and products at competitive prices. Our goal is to continue to improve the experience of our customers, in all aspects of our business.

- *Manage our operations successfully through business cycles*. We operate in a cyclical industry and our ability to diversify our revenue base within our core title insurance business and manage the duration of our investments may allow us to better operate in this cyclical business. Maintaining a broad geographic revenue base, utilizing both direct and independent agency operations and pursuing both residential and commercial title insurance business help diversify our title insurance revenues. We continue to monitor, evaluate and execute upon the consolidation of administrative functions, legal entity structure, and office consolidation, as necessary, to respond to the continually changing marketplace. We maintain shorter durations on our investment portfolio to mitigate our interest rate risk. A more detailed discussion of our investment strategies is included in "Investment Policies and Investment Portfolio."
- *Continue to improve our products and technology.* As a national provider of real estate transaction products and services, we participate in an industry that is subject to significant change, frequent new product and service introductions and evolving industry standards. We believe that our future success will depend in part on our ability to anticipate industry changes and offer products and services that meet evolving industry standards. In connection with our service offerings, we are continuing to deploy new information system technologies to our direct and agency operations. We expect to improve the process of ordering title and escrow services and improve the delivery of our products to our customers.
- *Maintain values supporting our strategy.* We believe that our continued focus on and support of our long-established corporate culture will reinforce and support our business strategy. Our goal is to foster and support a corporate culture where our employees and agents seek to operate independently and maintain profitability at the local level while forming close customer relationships by meeting customer needs and improving customer service. Utilizing a relatively flat managerial structure and providing our employees with a sense of individual ownership support this goal.
- *Effectively manage costs based on economic factors.* We believe that our focus on our operating margins is essential to our continued success in the title insurance business. Regardless of the business cycle in which we may be operating, we seek to continue to evaluate and manage our cost structure and make appropriate adjustments where economic conditions dictate. This continual focus on our cost structure helps us to better maintain our operating margins.

***Acquisitions, Dispositions, Minority Owned Operating Subsidiaries and Financings***

Acquisitions have been an important part of our growth strategy and dispositions have been an important aspect of our strategy of returning value to shareholders. On an ongoing basis, with assistance from our advisors, we actively evaluate possible transactions, such as acquisitions and dispositions of business units and operating assets and business combination transactions.

In the future, we may seek to sell certain investments or other assets to increase our liquidity. Further, our management has stated that we may make acquisitions in lines of business that are not directly tied to, or synergistic with, our core operating segment. In the past we have obtained majority and minority investments in entities and securities where we see the potential to achieve above market returns. Fundamentally our goal is to acquire quality companies that are well-positioned in their respective industries, run by best in class management teams in industries that have attractive organic and acquired growth opportunities. We leverage our operational expertise and track record of growing industry leading companies and also our active interaction with the acquired company's management directly or through our board of directors, to ultimately provide value for our shareholders.

There can be no assurance that any suitable opportunities will arise or that any particular transaction will be completed. We have made a number of acquisitions and dispositions over the past several years to strengthen and expand our service offerings and customer base in our various businesses, to expand into other businesses or where we otherwise saw value, and to monetize investments in assets and businesses.

***Title Insurance***

*Market for title insurance.* According to Demotech Performance of Title Insurance Companies 2017 Edition, an annual compilation of financial information from the title insurance industry that is published by Demotech Inc., an independent firm ("Demotech"), total operating income for the entire U.S. title insurance industry has increased over the last five years from approximately $12.2 billion in 2012 to $14.9 billion in 2016, which represents a $1.2 billion increase from 2015. The size of the industry is closely tied to various macroeconomic factors, including, but not limited to, growth in the gross domestic product, inflation, unemployment, the availability of credit, consumer confidence, interest rates, and sales volumes and prices for new and existing homes, as well as the volume of refinancing of previously issued mortgages.

Most real estate transactions consummated in the U.S. require the use of title insurance by a lending institution before the transaction can be completed. Generally, revenues from title insurance policies are directly correlated with the value of the property underlying the title policy, and appreciation or depreciation in the overall value of the real estate market are major factors in total industry revenues. Industry revenues are also driven by factors affecting the volume of real estate closings, such as the state of the economy, the availability of mortgage funding, and changes in interest rates, which affect demand for new mortgage loans and refinancing transactions.

The U.S. title insurance industry is concentrated among a handful of industry participants. According to Demotech, the top four title insurance groups accounted for 85% of net premiums written in 2016. Approximately 34 independent title insurance companies accounted for the remaining 15% of net premiums written in 2016. Consolidation has created opportunities for increased financial and operating efficiencies for the industry's largest participants and should continue to drive profitability and market share in the industry.

Our Title segment revenue is closely related to the level of real estate activity which includes sales, mortgage financing and mortgage refinancing. For further discussion of current trends in real estate activity in the United States, see discussion under *Business Trends and Conditions* included in Item 7 of Part II of this Report, which is incorporated by reference into this Part I, Item 1.

*Title Insurance Policies.* Generally, real estate buyers and mortgage lenders purchase title insurance to insure good and marketable title to real estate and priority of lien. A brief generalized description of the process of issuing a title insurance policy is as follows:

- The customer, typically a real estate salesperson or broker, escrow agent, attorney or lender, places an order for a title policy.
- Company personnel note the specifics of the title policy order and place a request with the title company or its agents for a preliminary report or commitment.
- After the relevant historical data on the property is compiled, the title officer prepares a preliminary report that documents the current status of title to the property, any exclusions, exceptions and/or limitations that the title company might include in the policy, and specific issues that need to be addressed and resolved by the parties to the transaction before the title policy will be issued.
- The preliminary report is circulated to all the parties for satisfaction of any specific issues.
- After the specific issues identified in the preliminary report are satisfied, an escrow agent closes the transaction in accordance with the instructions of the parties and the title company's conditions.
- Once the transaction is closed and all monies have been released, the title company issues a title insurance policy.

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

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

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

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

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

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

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

*Direct Operations.* Our direct operations include both the operations of our underwriters as well as affiliated agencies. In our direct operations, the title insurer issues the title insurance policy and retains the entire premium paid in connection with the transaction. Our direct operations provide the following benefits:

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

We have approximately 1,400 offices throughout the U.S. primarily providing residential real estate title insurance. We continuously monitor the number of direct offices to make sure that it remains in line with our strategy and the current economic environment. Our commercial real estate title insurance business is operated almost exclusively through our direct operations. We maintain direct operations for our commercial title insurance business in all the major real estate markets including Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles, New York, Philadelphia, Phoenix, Seattle and Washington D.C.

*Agency Operations.* In our agency operations, the search and examination function is performed by an independent agent or the agent may purchase the search product from us. In either case, the agent is responsible to ensure that the search and examination is completed. The agent thus retains the majority of the title premium collected, with the balance remitted to the title underwriter for bearing the risk of loss in the event that a claim is made under the title insurance policy. Independent agents may select among several title underwriters based upon their relationship with the underwriter, the amount of the premium “split” offered by the underwriter, the overall terms and conditions of the agency agreement and the scope of services offered to the agent. Premium splits vary by geographic region, and in some states are fixed by insurance regulatory requirements. Our relationship with each agent is governed by an agency agreement defining how the agent issues a title insurance policy on our behalf. The agency agreement also sets forth the agent’s liability to us for policy losses attributable to the agent’s errors. An agency agreement is usually terminable without cause upon 30 days notice or immediately for cause. In determining whether to engage or retain an independent agent, we consider the agent’s experience, financial condition and loss history. For each agent with whom we enter into an agency agreement, we maintain financial and loss experience records. We also conduct periodic audits of our agents and strategically manage the number of agents with which we transact business in an effort to reduce future expenses and manage risks. As of December 31, 2017, we transact business with approximately 5,200 agents.

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

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

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2016 | | 2015 | |
| | Amount | % | Amount | % | Amount | % |
| | (Dollars in millions) | | | | | |
| Direct | $ 2,170 | 44.3% | $ 2,097 | 44.4% | $ 2,009 | 46.9% |
| Agency | 2,723 | 55.7 | 2,626 | 55.6 | 2,277 | 53.1 |
| Total title insurance premiums | $ 4,893 | 100.0% | $ 4,723 | 100.0% | $ 4,286 | 100.0% |

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

*Escrow, Title-Related and Other Fees.* In addition to fees for underwriting title insurance policies, we derive a significant amount of our revenues from escrow and other title-related services including trust activities, trustee sales guarantees, recordings and reconveyances, and home warranty products. The escrow and other services provided by us include all of those typically required in connection with residential and commercial real estate purchases and refinance activities. Escrow, title-related and other fees included in our Title segment represented approximately 30.2%, 30.5%, and 31.2% of total title segment revenues in 2017, 2016, and 2015, respectively.

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

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

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

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

Claims can be complex, vary greatly in dollar amounts and are affected by economic and market conditions and the legal environment existing at the time claims are processed. In our commercial title business, we may issue polices with face amounts well in excess of $100 million, and from time to time claims are submitted with respect to large policies. We believe we are appropriately reserved with respect to all claims (large and small) that we currently face. Occasionally we experience large losses from title policies that have been issued or from our escrow operations, or overall worsening loss payment experience, which require us to increase our title loss reserves. These events are unpredictable and adversely affect our earnings. Claims can result in litigation in which we may represent our insured and/or ourselves. We consider this type of litigation to be an ordinary course aspect of the conduct of our business.

*Reinsurance and Coinsurance.* We limit our maximum loss exposure by reinsuring risks with other insurers under excess of loss and case-by-case ("facultative") reinsurance agreements. Reinsurance agreements generally provide that the reinsurer is liable for loss and loss adjustment expense payments exceeding the amount retained by the ceding company. However, the ceding company remains primarily liable to the insured whether or not the reinsurer is able to meet its contractual obligations. Facultative reinsurance agreements are entered into with other title insurers when the transaction to be insured will exceed state statutory or self-imposed limits. Excess of loss reinsurance coverage protects us from a large loss from a single loss occurrence. Our excess of loss reinsurance coverage is split into two contracts. The first excess of loss reinsurance contract provides an $80 million aggregate limit of coverage from a single loss occurrence for residential and commercial losses in excess of a $20 million retention per single loss occurrence ("First XOL Contract"). The second excess of loss reinsurance contract ("Second XOL Contract") provides an additional $300 million aggregate limit of coverage, with the Company co-participating at approximately 10%. Subject to the Company's retention and co-participation on the Second XOL Contract, the maximum coverage provided under the First and Second XOL Contracts is $350 million.

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

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

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

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

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

*Regulation.* Our insurance subsidiaries, including title insurers, underwritten title companies and insurance agencies, are subject to extensive regulation under applicable state laws. Each of the insurers is subject to a holding company act in its state of domicile, which regulates, among other matters, the ability to pay dividends and enter into transactions with affiliates. The laws of most states in which we transact business establish supervisory agencies with broad administrative powers relating to issuing and revoking licenses to transact business, regulating trade practices, licensing agents, approving policy forms, accounting practices, financial practices, establishing reserve and capital and surplus as regards policyholders (“capital and surplus”) requirements, defining suitable investments for reserves and capital and surplus and approving rate schedules. The process of state regulation of changes in rates ranges from states which set rates, to states where individual companies or associations of companies prepare rate filings which are submitted for approval, to a few states in which rate changes do not need to be filed for approval.

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

Pursuant to statutory accounting requirements of the various states in which our title insurers are domiciled, these insurers must defer a portion of premiums as an unearned premium reserve for the protection of policyholders (in addition to their reserves for known claims) and must maintain qualified assets in an amount equal to the statutory requirements. The level of unearned premium reserve required to be maintained at any time is determined by a statutory formula based upon either the age, number of policies, and dollar amount of policy liabilities underwritten, or the age and dollar amount of statutory premiums written. As of December 31, 2017, the combined statutory unearned premium reserve required and reported for our title insurers was $1,400 million. In addition to statutory unearned premium reserves and reserves for known claims, each of our insurers maintains surplus funds for policyholder protection and business operations.

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

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

In addition to state-level regulation, our title insurance and certain other real estate businesses are subject to regulation by federal agencies, including the Consumer Financial Protection Bureau (“CFPB”). The CFPB was established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") which also included regulation over financial services and other lending related businesses. The CFPB has broad authority to regulate, among other areas, the mortgage and real estate markets in matters pertaining to consumers. This authority includes the enforcement of the Truth-in-Lending Act ("TILA") and the Real Estate Settlement Procedures Act (individually, "RESPA", and together, "TILA-RESPA Integrated Disclosure" or "TRID") formerly placed with the Department of Housing and Urban Development.

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

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

The laws and regulations of some jurisdictions also prohibit an insurer from declaring or paying a dividend except out of its earned surplus or require the insurer to obtain prior regulatory approval. During 2018, our directly owned title insurers can pay dividends or make distributions to us of approximately $363 million; however, insurance regulators have the authority to prohibit the payment of ordinary dividends or other payments by our title insurers to us (such as a payment under a tax sharing agreement or for other services) if they determine that such payment could be adverse to our policyholders. There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders.

The combined statutory capital and surplus of our title insurers was approximately $1,389 million and $1,469 million as of December 31, 2017 and 2016, respectively. The combined statutory earnings of our title insurers were $434 million, $541 million, and $381 million for the years ended December 31, 2017, 2016, and 2015, respectively.

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

Pursuant to statutory requirements of the various states in which our insurers are domiciled, such insurers must maintain certain levels of minimum capital and surplus. Required levels of minimum capital and surplus are not significant to the insurers individually or in the aggregate. Each of our insurers has complied with the minimum statutory requirements as of December 31, 2017.

Our underwritten title companies are also subject to certain regulation by insurance regulatory or banking authorities, primarily relating to minimum net worth. Minimum net worth requirements for each underwritten title company is less than $1 million. These companies were in compliance with their respective minimum net worth requirements at December 31, 2017.

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

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

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

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

| | S&P | Moody’s |
|---|---|---|
| FNF family of companies | A | A3 |

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

- An S&P "A" rating is the third highest rating of 10 ratings for S&P. According to S&P, an “A” rating represents an investment grade company that, in its opinion, has strong capacity to meet financial commitments, but is somewhat susceptible to adverse economic conditions.
- A Moody's "A3" rating is the third highest rating of 9 ratings for Moody's. Moody's states that companies rated “A3” are judged to be upper-medium grade and are subject to low credit risk.

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

| | |
|---|---|
| Alamo Title Insurance | A' |
| Chicago Title Insurance Company | A" |
| Commonwealth Land Title Insurance Company | A' |
| Fidelity National Title Insurance Company | A' |
| National Title Insurance of New York | A' |

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

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

***Intellectual Property***

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

***Technology and Research and Development***

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

***Investment Policies and Investment Portfolio***

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

As of December 31, 2017 and 2016, the carrying amount of total investments, which approximates the fair value, excluding investments in unconsolidated affiliates, was $3.2 billion and $3.6 billion, respectively.

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

The following table presents certain information regarding the investment ratings of our fixed maturity securities and preferred stock portfolio at December 31, 2017 and 2016:

| | December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | | | | 2016 | | | |
| Rating(1) | Amortized Cost | % of Total | Fair Value | % of Total | Amortized Cost | % of Total | Fair Value | % of Total |
| | (Dollars in millions) | | | | | | | |
| Aaa/AAA | $ 398 | 18.8% | $ 396 | 18.5% | $ 418 | 15.4% | $ 412 | 15.1% |
| Aa/AA | 335 | 15.9 | 337 | 15.8 | 519 | 19.2 | 525 | 19.3 |
| A | 575 | 27.3 | 578 | 27.2 | 849 | 31.4 | 856 | 31.5 |
| Baa/BBB | 510 | 24.1 | 519 | 24.3 | 723 | 26.6 | 728 | 26.7 |
| Ba/BB/B | 155 | 7.3 | 159 | 7.4 | 98 | 3.6 | 97 | 3.6 |
| Lower | 45 | 2.1 | 49 | 2.3 | 53 | 2.0 | 55 | 2.0 |
| Other (2) | 95 | 4.5 | 97 | 4.5 | 48 | 1.8 | 49 | 1.8 |
| | $ 2,113 | 100.0% | $ 2,135 | 100.0% | $ 2,708 | 100.0% | $ 2,722 | 100.0% |

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

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

| | December 31, 2017 | | | |
|---|---|---|---|---|
| Maturity | Amortized Cost | % of Total | Fair Value | % of Total |
| | (Dollars in millions) | | | |
| One year or less | $ 496 | 27.5% | $ 496 | 27.3% |
| After one year through five years | 1,219 | 67.5 | 1,227 | 67.5 |
| After five years through ten years | 31 | 1.7 | 32 | 1.8 |
| After ten years | 5 | 0.3 | 5 | 0.3 |
| Mortgage-backed/asset-backed securities | 55 | 3.0 | 56 | 3.1 |
| | $ 1,806 | 100% | $ 1,816 | 100% |

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Because of the potential for prepayment on mortgage-backed and asset-backed securities, they are not categorized by contractual maturity.

Our equity securities at December 31, 2017 and 2016 consisted of investments with a cost basis of $517 million and $278 million, respectively, and fair value of $681 million and $386 million, respectively.

At December 31, 2017 and 2016, we also held $150 million in investments that are accounted for using the equity method of accounting.

As of December 31, 2017 and 2016, other long-term investments were $110 million and $42 million, respectively. Other long-term investments include investments accounted for using the cost method of accounting and company-owned life insurance policies carried at cash surrender value.

Short-term investments, which consist primarily of commercial paper and money market instruments which have an original maturity of one year or less, are carried at amortized cost, which approximates fair value. As of December 31, 2017 and 2016, short-term investments amounted to $295 million and $482 million, respectively.

Our investment results for the years ended December 31, 2017, 2016 and 2015 were as follows:

| | December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (Dollars in millions) | | |
| Net investment income (1) | $ 139 | $ 141 | $ 137 |
| Average invested assets | $ 3,296 | $ 3,936 | $ 4,020 |
| Effective return on average invested assets | 4.2% | 3.6% | 3.4% |

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

***Loss Reserves***

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

***Geographic Operations***

Our direct title operations are divided into approximately 180 profit centers. Each profit center processes title insurance transactions within its geographical area, which is usually identified by a county, a group of counties forming a region, or a state, depending on the management structure in that part of the country. We also transact title insurance business through a network of approximately 5,200 agents, primarily in those areas in which agents are the more prevalent title insurance provider. Substantially all of our revenues are generated in the United States.

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

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2016 | | 2015 | |
| | Amount | % | Amount | % | Amount | % |
| | (Dollars in millions) | | | | | |
| California | $ 708 | 14.5% | $ 690 | 14.6% | $ 649 | 15.1% |
| Texas | 693 | 14.2 | 670 | 14.2 | 616 | 14.4 |
| Florida | 392 | 8.0 | 364 | 7.7 | 349 | 8.1 |
| New York | 311 | 6.3 | 336 | 7.1 | 349 | 8.1 |
| Illinois | 283 | 5.8 | 267 | 5.7 | 243 | 5.7 |
| All others | 2,506 | 51.2 | 2,396 | 50.7 | 2,080 | 48.6 |
| Totals | $ 4,893 | 100.0% | $ 4,723 | 100.0% | $ 4,286 | 100.0% |

***Employees***

As of February 2, 2018, we had 24,367 full-time equivalent employees, which includes 23,617 in our Title segment and 750 in our Corporate and other segment. We monitor our staffing levels based on current economic activity. None of our employees are subject to collective bargaining agreements. We believe that our relations with employees are generally good.

***Financial Information by Operating Segment***

For financial information by operating segment, see Note R *Segment Information* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report.

***Statement Regarding Forward-Looking Information***

The statements contained in this Form 10-K or in our other documents or in oral presentations or other statements made by our management that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities

Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding our expectations, hopes, intentions, or strategies regarding the future. These statements relate to, among other things, future financial and operating results of the Company. In many cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of these terms and other comparable terminology. Actual results could differ materially from those anticipated in these statements as a result of a number of factors, including, but not limited to the following:

- changes in general economic, business, and political conditions, including changes in the financial markets;
- the severity of our title insurance claims;
- downgrade of our credit rating by rating agencies;
- adverse changes in the level of real estate activity, which may be caused by, among other things, high or increasing interest rates, a limited supply of mortgage funding, increased mortgage defaults, or a weak U.S. economy;
- compliance with extensive government regulation of our operating subsidiaries and adverse changes in applicable laws or regulations or in their application by regulators;
- regulatory investigations of the title insurance industry;
- loss of key personnel that could negatively affect our financial results and impair our operating abilities;
- our business concentration in the States of California and Texas are the source of approximately 14.5% and14.2%, respectively, of our title insurance premiums;
- our potential inability to find suitable acquisition candidates, as well as the risks associated with acquisitions in lines of business that will not necessarily be limited to our traditional areas of focus, or difficulties integrating acquisitions;
- our dependence on distributions from our title insurance underwriters as our main source of cash flow;
- competition from other title insurance companies; and
- other risks detailed in "Risk Factors" below and elsewhere in this document and in our other filings with the SEC.

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

### *Additional Information*

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

## Item 1A. *Risk Factors*

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

### General

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

Goodwill aggregated approximately $2,746 million, or 30.0% of our total assets, as of December 31, 2017. Current accounting rules require that goodwill be assessed for impairment at least annually or whenever changes in circumstances indicate that the carrying amount may not be recoverable from estimated future cash flows. Factors that may be considered a change in circumstance indicating the carrying value of our intangible assets, including goodwill, may not be recoverable include, but are not limited to, significant underperformance relative to historical or projected future operating results, a significant decline in our stock price and market capitalization, and negative industry or economic trends. No goodwill impairment charge was recorded in the years ended December 31, 2017, 2016, or 2015. However, if there is an economic downturn in the future, the carrying amount of our goodwill may no longer be recoverable, and we may be required to record an impairment charge, which would have a negative impact on our results of operations and financial condition. We will continue to monitor our market capitalization and the impact of the economy to determine if there is an impairment of goodwill in future periods.

***Our management has articulated a willingness to seek growth through acquisitions, both in our current lines of business as well as in lines of business outside of our traditional areas of focus or geographic areas. This expansion of our business subjects us to associated risks, such as risks and uncertainties associated with new companies, the diversion of management's attention and lack of experience in operating unrelated businesses, and may affect our credit and ability to repay our debt.***

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

***We are a holding company and depend on distributions from our subsidiaries for cash.***

We are a holding company whose primary assets are the securities of our operating subsidiaries. Our ability to pay interest on our outstanding debt and our other obligations and to pay dividends is dependent on the ability of our subsidiaries to pay dividends or make other distributions or payments to us. If our operating subsidiaries are not able to pay dividends to us, we may not be able to meet our obligations or pay dividends on our common stock.

Our title insurance subsidiaries must comply with state laws which require them to maintain minimum amounts of working capital, surplus and reserves, and place restrictions on the amount of dividends that they can distribute to us. Compliance with these laws will limit the amounts our regulated subsidiaries can dividend to us. During 2018, our title insurers may pay dividends or make distributions to us of approximately $363 million; however, insurance regulators have the authority to prohibit the payment of ordinary dividends or other payments by our title insurers to us if they determine that such payment could be adverse to our policyholders.

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

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

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

***Failure of our information security systems or processes could result in a loss or disclosure of confidential information, damage to our reputation, monetary losses, additional costs and impairment of our ability to conduct business effectively.***

Our operations are highly dependent upon the effective operation of our computer systems. We use our computer systems to receive, process, store and transmit sensitive personal consumer data (such as names and addresses, social security numbers, driver's license numbers, credit cards and bank account information) and important business information of our customers. We also electronically manage substantial cash, investment assets and escrow account balances on behalf of ourselves and our customers, as well as financial information about our businesses generally. The integrity of our computer systems and the protection of the information that resides on such systems are important to our successful operation. If we fail to maintain an adequate security infrastructure, adapt to emerging security threats or follow our internal business processes with respect to security, the information or assets we hold could be compromised. Further, even if we, or third parties to which we outsource certain information technology services, maintain a reasonable, industry-standard information security infrastructure to mitigate these risks, the inherent risk that unauthorized access to information or assets remains. This risk is increased by transmittal of information over the internet and the increased threat and sophistication of cyber criminals. While, to date, we believe that we have not experienced a material breach of our computer systems, the occurrence or scope of such events is not always apparent. If additional information regarding an event previously considered immaterial is discovered, or a new event were to occur, it could potentially have a material adverse effect on our operations or financial condition. In addition, some laws and certain of our contracts require notification of various parties, including regulators, consumers or customers, in the event that confidential or personal information has or may have been taken or accessed by unauthorized parties. Such notifications can potentially result, among other things, in adverse publicity, diversion of management and other resources, the attention of regulatory authorities, the imposition of fines, and disruptions in business operations, the effects of which may be material. Any inability to prevent security or privacy breaches, or the perception that such breaches may occur, could inhibit our ability to retain or attract new clients and/or result in financial losses, litigation, increased costs, negative publicity, or other adverse consequences to our business.

Further, our financial institution clients have obligations to safeguard their information technology systems and the confidentiality of customer information. In certain of our businesses, we are bound contractually and/or by regulation to comply with the same requirements. If we fail to comply with these regulations and requirements, we could be exposed to suits for breach of contract, governmental proceedings or the imposition of fines. In addition, future adoption of more restrictive privacy laws, rules or industry security requirements by federal or state regulatory bodies or by a specific industry in which we do business could have an adverse impact on us through increased costs or restrictions on business processes.

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

Our investment portfolio is exposed to economic and financial market risks, including changes in interest rates, credit markets and prices of marketable equity and fixed-income securities. Our investment policy is designed to maximize total return through investment income and capital appreciation consistent with moderate risk of principal, while providing adequate liquidity and complying with internal and regulatory guidelines. To achieve this objective, our marketable debt investments are primarily investment grade, liquid, fixed-income securities and money market instruments denominated in U.S. dollars. We make investments in certain equity securities and preferred stock in order to take advantage of perceived value and for strategic purposes. In the past, economic and credit market conditions have adversely affected the ability of some issuers of investment securities to repay their obligations and have affected the values of investment securities. If the carrying value of our investments exceeds the fair value, and the decline in fair value is deemed to be other-than-temporary, we will be required to write down the value of our investments, which could have a material negative impact on our results of operations and financial condition.

***Failure of our enterprise-wide risk management processes could result in unexpected monetary losses, damage to our reputation, additional costs or impairment of our ability to conduct business effectively.***

As a large insurance entity and a publicly traded company, the Company has always had risk management functions, policies and procedures throughout its operations and management. These functions include but are not limited to departments dedicated to enterprise risk management and information technology risk management, information security, business continuity, lender strategy and development, and vendor risk management. These policies and procedures have evolved over the years as we continually reassess our processes both internally and to comply with changes in the regulatory environment. Due to limitations inherent in any internal process, if the Company's risk management processes prove unsuccessful at identifying and responding to risks, we could incur unexpected monetary losses, damage to our reputation, additional costs or impairment of our ability to conduct business effectively.

***We are the subject of various legal proceedings that could have a material adverse effect on our results of operations.***

We are involved from time to time in various legal proceedings, including in some cases class-action lawsuits and regulatory inquiries, investigations or other proceedings. If we are unsuccessful in our defense of litigation matters or regulatory proceedings, we may be forced to pay damages, fines or penalties and/or change our business practices, any of which could have a material adverse effect on our business and results of operations. See Note M *Commitments and Contingencies* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report for further discussion of pending litigation and regulatory matters and our related accrual.

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

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

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

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

Declines in the level of real estate activity or the average price of real estate sales are likely to adversely affect our title insurance revenues. The Mortgage Bankers Association's ("MBA") Mortgage Finance Forecast as of January 20, 2018 estimates an approximately $1.6 trillion mortgage origination market for 2018, which would be a decrease of 5.9% from 2017. The MBA forecasts that the 5.9% decrease will result from a decrease in refinance activity, offset by a slight increase in forecast purchase transactions. Our revenues in future periods will continue to be subject to these and other factors which are beyond our control and, as a result, are likely to fluctuate.

***If financial institutions at which we hold escrow funds fail, it could have a material adverse impact on our company.***

We hold customers' assets in escrow at various financial institutions, pending completion of real estate transactions. These assets are maintained in segregated bank accounts and have not been included in the accompanying Consolidated Balance Sheets.

We have a contingent liability relating to proper disposition of these balances for our customers, which amounted to $15.4 billion at December 31, 2017. Failure of one or more of these financial institutions may lead us to become liable for the funds owed to third parties and there is no guarantee that we would recover the funds deposited, whether through Federal Deposit Insurance Corporation coverage or otherwise.

***If we experience changes in the rate or severity of title insurance claims, it may be necessary for us to record additional charges to our claim loss reserve. This may result in lower net earnings and the potential for earnings volatility.***

By their nature, claims are often complex, vary greatly in dollar amounts and are affected by economic and market conditions and the legal environment existing at the time of settlement of the claims. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims and other factors. From time to time, we experience large losses or an overall worsening of our loss payment experience in regard to the frequency or severity of claims that require us to record additional charges to our claims loss reserve. There are currently pending several large claims which we believe can be defended successfully without material loss payments. However, if unanticipated material payments are required to settle these claims, it could result in or contribute to additional charges to our claim loss reserves. These loss events are unpredictable and adversely affect our earnings.

At each quarter end, our recorded reserve for claim losses is initially the result of taking the prior recorded reserve for claim losses, adding the current provision to that balance and subtracting actual paid claims from that balance, resulting in an amount that management then compares to our actuary's central estimate provided in the actuarial calculation. Due to the uncertainty and judgment used by both management and our actuary, our ultimate liability may be greater or less than our current reserves and/or our actuary’s calculation. If the recorded amount is within a reasonable range of the actuary’s central estimate, but not at the central estimate, management assesses other factors in order to determine our best estimate. These factors, which are both qualitative and quantitative, can change from period to period and include items such as current trends in the real estate industry (which management can assess, but for which there is a time lag in the development of the data used by our actuary), any adjustments from the actuarial estimates needed for the effects of unusually large or small claims, improvements in our claims management processes, and other cost saving measures. Depending upon our assessment of these factors, we may or may not adjust the recorded reserve. If the recorded amount is not within a reasonable range of the actuary’s central estimate, we would record a charge or credit and reassess the provision rate on a go forward basis.

***Our subsidiaries must comply with extensive regulations. These regulations may increase our costs or impede or impose burdensome conditions on actions that we might seek to take to increase the revenues of those subsidiaries.***

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

- licensing requirements;
- trade and marketing practices;
- accounting and financing practices;
- disclosure requirements on key terms of mortgage loans;
- capital and surplus requirements;
- the amount of dividends and other payments made by insurance subsidiaries;
- investment practices;
- rate schedules;
- deposits of securities for the benefit of policyholders;
- establishing reserves; and
- regulation of reinsurance.

Most states also regulate insurance holding companies like us with respect to acquisitions, changes of control and the terms of transactions with our affiliates. State regulations may impede or impose burdensome conditions on our ability to increase or maintain rate levels or on other actions that we may want to take to enhance our operating results. In addition, we may incur significant costs in the course of complying with regulatory requirements. Further, various state legislatures have in the past considered offering a public alternative to the title industry in their states, as a means to increase state government revenues. Although we think this situation is unlikely, if one or more such takeovers were to occur they could adversely affect our business. We cannot be assured that future legislative or regulatory changes will not adversely affect our business operations. See “Item 1. *Business* — Regulation” for further discussion of the current regulatory environment.

Our ServiceLink subsidiary provides mortgage transaction services including title-related services and facilitation of production and management of mortgage loans. Certain of these businesses are subject to federal and state regulatory oversight. For example, ServiceLink’s LoanCare business services and subservices mortgage loans secured primarily by residential real estate throughout the United States. LoanCare is subject to extensive federal, state and local regulatory oversight, including federal and state regulatory examinations, information gathering requests, inquiries, and investigations by governmental and regulatory agencies, including the CFPB. In connection with formal and informal inquiries by those agencies, LoanCare receives numerous requests, subpoenas, and orders for documents, testimony and information in connection with various aspects of its or its clients' regulated activities. The ongoing implementation of the Dodd Frank Act, including the implementation of the originations and servicing rules by the CFPB, could increase our regulatory compliance burden and associated costs and place restrictions on our ability to operate the LoanCare business.

LoanCare is also required to maintain a variety of licenses, both federal and state. License requirements are in a frequent state of renewal and reexamination as regulations change or are reinterpreted. In addition, federal and state statutes establish specific guidelines and procedures that debt collectors must follow when collecting consumer accounts. LoanCare's failure to comply with any of these laws, should the states take an opposing interpretation, could have an adverse effect on LoanCare in the event and to the extent that they apply to some or all of its servicing activities.

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

Our title insurance subsidiaries are subject to extensive rate regulation by the applicable state agencies in the jurisdictions in which they operate. Title insurance rates are regulated differently in various states, with some states requiring the subsidiaries to file and receive approval of rates before such rates become effective and some states promulgating the rates that can be charged. In general, premium rates are determined on the basis of historical data for claim frequency and severity as well as related production costs and other expenses. In all states in which our title subsidiaries operate, our rates must not be excessive, inadequate or unfairly discriminatory. Premium rates are likely to prove insufficient when ultimate claims and expenses exceed historically projected levels. Premium rate inadequacy may not become evident quickly and may take time to correct, and could adversely affect the Company's business operating results and financial conditions.

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

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

***Because we are dependent upon California and Texas for approximately 14.5% and 14.2% and of our title insurance premiums, respectively, our business may be adversely affected by regulatory conditions in California and/or Texas.***

California and Texas are the two largest sources of revenue for our title segment and, in 2017, California-based premiums accounted for 29.5% of premiums earned by our direct operations and 0.7% of our agency premium revenues. Texas-based premiums accounted for 18.2% of premiums earned by our direct operations and 10.3% of our agency premium revenues. In the aggregate, California and Texas accounted for approximately 14.5% and 14.2%, respectively, of our total title insurance premiums for 2017. A significant part of our revenues and profitability are therefore subject to our operations in California and Texas and to the prevailing regulatory conditions in these states. Adverse regulatory developments in California and Texas, which could include reductions in the maximum rates permitted to be charged, inadequate rate increases or more fundamental changes in the design or implementation of the California and Texas title insurance regulatory framework, could have a material adverse effect on our results of operations and financial condition.

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

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

***If the Company's claim loss prevention procedures fail, we could incur significant claim losses.***

In the ordinary course of our title insurance business, we assume risks related to insuring clear title to residential and commercial properties. The Company has established procedures to mitigate the risk of loss from title claims, including extensive underwriting and risk assessment procedures. We also mitigate the risk of large claim losses by reinsuring risks with other insurers under excess of loss and case-by-case ("facultative") reinsurance agreements. Reinsurance agreements generally provide that the reinsurer is liable for loss and loss adjustment expense payments exceeding the amount retained by the ceding company. However, the ceding company remains primarily liable to the insured whether or not the reinsurer is able to meet its contractual obligations. If inherent limitations cause our claim loss risk mitigation procedures to fail, we could incur substantial losses having an adverse effect on our results of operations or financial condition.

***The Company's use of independent agents for a significant amount of our title insurance policies could adversely impact the frequency and severity of title claims.***

In the Company’s agency operations, an independent agent performs the search and examination function or the agent may purchase a search product from the Company. In either case, the agent is responsible for ensuring that the search and examination is completed. The agent thus retains the majority of the title premium collected, with the balance remitted to the title underwriter for bearing the risk of loss in the event that a claim is made under the title insurance policy. The Company’s relationship with each agent is governed by an agency agreement defining how the agent issues a title insurance policy on the Company’s behalf. The agency agreement also sets forth the agent’s liability to the Company for policy losses attributable to the agent’s errors. For each agent with whom the Company enters into an agency agreement, financial and loss experience records are maintained. Periodic audits of our agents are also conducted and the number of agents with which the Company transacts business is strategically managed in an effort to reduce future expenses and manage risks. Despite efforts to monitor the independent agents with which we transact business, there is no guarantee that an agent will comply with their contractual obligations to the Company. Furthermore, we cannot be certain that, due to changes in the regulatory environment and litigation trends, the Company will not be held liable for errors and omissions by agents. Accordingly, our use of independent agents could adversely impact the frequency and severity of title claims.

***Failure to respond to rapid changes in technology could adversely affect the Company***

Rapidly evolving technologies and innovations in software and financial technology could drive changes in how real estate transactions are recorded and processed throughout the mortgage life cycle. There is no guarantee that we will be able to effectively adapt to and utilize changing technology. Our competitors may be able to utilize technology more effectively than us which could result in the loss of market share.

## Item 1B. *Unresolved Staff Comments*

None.

## Item 2. *Properties*

Our corporate headquarters are on our campus in Jacksonville, Florida in owned facilities.

The majority of our branch offices are leased from third parties. See Note M *Commitments and Contingencies* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report for further information on our outstanding leases. Our subsidiaries conduct their business operations primarily in leased office space in 44 states, Washington, DC, Canada and India.

## Item 3. *Legal Proceedings*

For a description of our legal proceedings see discussion of *Legal and Regulatory Contingencies* in Note M *Commitments and Contingencies* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report, which is incorporated by reference into this Part I, Item 3.

# PART II

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

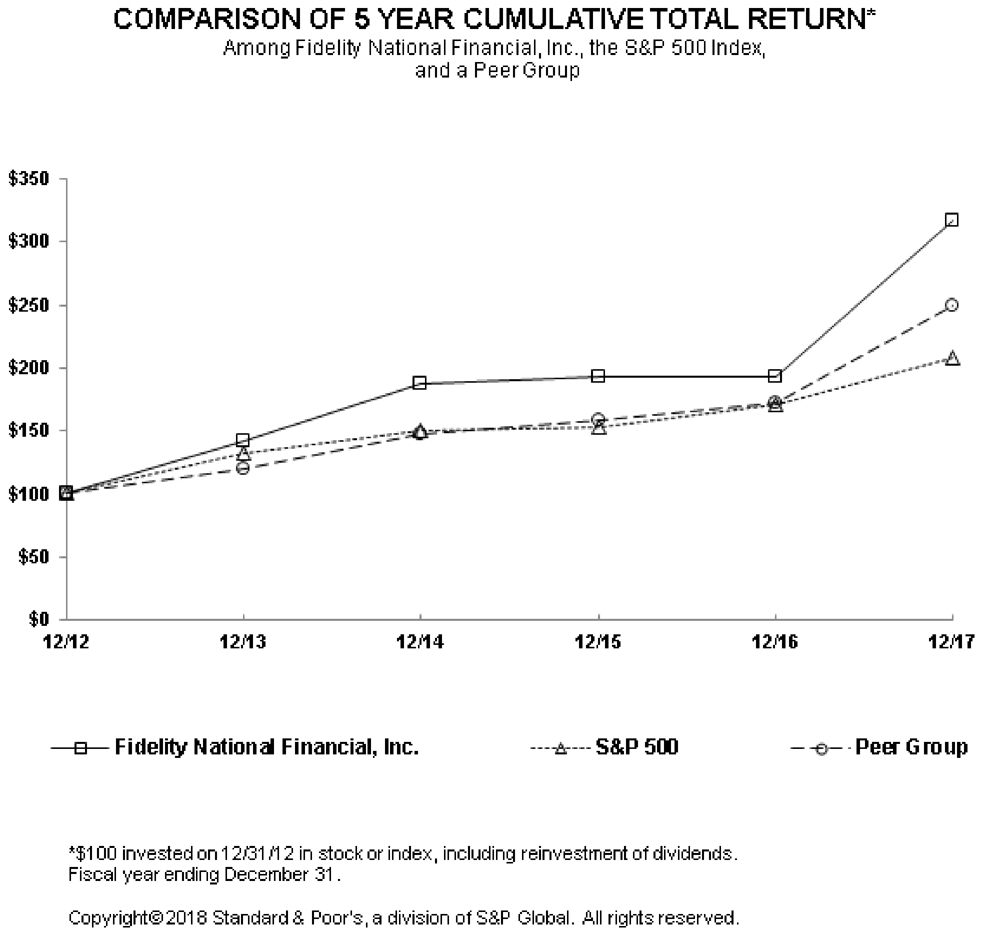
Our common stock trades on the New York Stock Exchange under the trading symbol "FNF". The following tables provide the high and low closing sales prices of our common stock and cash dividends declared per share of common stock for each quarter during 2017 and 2016.

| | Stock Price High | Stock Price Low | Cash Dividends Declared |
|---|---|---|---|
| Year ended December 31, 2017 | | | |
| First quarter | $ 27.64 | $ 23.54 | $ 0.25 |
| Second quarter | 31.91 | 26.99 | 0.25 |
| Third quarter | 34.78 | 31.54 | 0.25 |
| Fourth quarter | 40.35 | 33.84 | 0.27 |
| Year ended December 31, 2016 | | | |
| First quarter | $ 23.19 | $ 19.97 | $ 0.21 |
| Second quarter | 25.76 | 21.63 | 0.21 |
| Third quarter | 26.40 | 24.92 | 0.21 |
| Fourth quarter | 25.65 | 22.01 | 0.25 |

Information concerning securities authorized for issuance under our equity compensation plans will be included in Item 12 of Part III of this report.

**PERFORMANCE GRAPH**

Set forth below is a graph comparing cumulative total shareholder return on our FNF common stock against the cumulative total return on the S&P 500 Index and against the cumulative total return of a peer group index consisting of certain companies in the primary industry in which we compete (SIC code 6361 — Title Insurance) for the period ending December 31, 2017. This peer group consists of the following companies: First American Financial Corporation and Stewart Information Services Corp. The peer group comparison has been weighted based on their stock market capitalization. The graph assumes an initial investment of $100.00 on December 31, 2012, with dividends reinvested over the periods indicated.




| | 12/31/2012 | 12/31/2013 | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2017 |
|---|---|---|---|---|---|---|
| Fidelity National Financial, Inc. | 100.00 | 141.40 | 186.97 | 192.43 | 193.40 | 317.26 |
| S&P 500 | 100.00 | 132.39 | 150.51 | 152.59 | 170.84 | 208.14 |
| Peer Group | 100.00 | 120.24 | 146.83 | 158.07 | 172.47 | 249.23 |

On January 31, 2018, the last reported sale price of our common stock on the New York Stock Exchange was $38.98. We had approximately 7,000 shareholders of record.

On January 26, 2018, our Board of Directors formally declared a $0.30 per FNF share cash dividend that is payable on March 30, 2018 to FNF shareholders of record as of March 16, 2018.

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

Since we are a holding company, our ability to pay dividends will depend largely on the ability of our subsidiaries to pay dividends to us, and the ability of our title insurance subsidiaries to do so is subject to, among other factors, their compliance with applicable insurance regulations. As of December 31, 2017, $1,700 million of our net assets are restricted from dividend payments without prior approval from the Departments of Insurance in the states where our title insurance subsidiaries are domiciled. During 2018, our directly owned title insurance subsidiaries can pay dividends or make distributions to us of approximately $363 million without prior approval. The limits placed on such subsidiaries’ abilities to pay dividends affect our ability to pay dividends.

On July 20, 2015, our Board of Directors approved a new three-year stock repurchase program under which we can purchase up to 25 million shares of our FNF Group common stock through July 30, 2018. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. Since the original commencement of the plan, we have repurchased a total of 10,589,000 FNF Group common shares for $372 million, or an average of $35.10 per share, and there are 14,411,000 shares available to be repurchased under this program. We have not made any repurchases under this program in the year ended December 31, 2017 or in the subsequent period ended January 31, 2018.

## Item 6. *Selected Financial Data*

The information set forth below should be read in conjunction with the consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K. Certain reclassifications have been made to the prior year amounts to conform with the 2017 presentation.

On November 17, 2017 we completed our previously announced split-off (the "FNFV Split-Off") of our former wholly-owned subsidiary Cannae Holdings, Inc. ("Cannae"), which consisted of the businesses, assets and liabilities formerly attributed to our FNF Ventures ("FNFV") Group including Ceridian Holding, LLC, American Blue Ribbon Holdings, LLC and T-System Holding LLC. The results of FNFV are presented as discontinued operations in the following tables.

On September 29, 2017 we completed our tax-free distribution to FNF Group shareholders, of all 83.3 million shares of New BKH Corp. ("New BKH") common stock that we previously owned (the "BK Distribution"). Immediately following the BK Distribution, New BKH and Black Knight Financial Services, Inc. ("Black Knight") engaged in a series of transactions resulting in the formation of a new publicly-traded holding company, Black Knight, Inc. ("New Black Knight"). The results of Black Knight are presented as discontinued operations in the following tables.

On June 30, 2014, we completed a recapitalization of FNF common stock into two tracking stocks, FNF Group common stock and FNFV Group common stock. Each share of the previously outstanding FNF Class A common stock ("Old FNF common stock") was converted into one share of FNF Group common stock and 0.3333 of a share of FNFV Group common stock.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| | (Dollars in millions, except share data) | | | | |
| **Operating Data:** | | | | | |
| Revenue | $ 7,663 | $ 7,257 | $ 6,664 | $ 5,647 | $ 5,950 |
| Expenses: | | | | | |
| Personnel costs | 2,460 | 2,275 | 2,137 | 1,921 | 1,881 |
| Agent commissions | 2,089 | 1,998 | 1,731 | 1,471 | 1,789 |
| Other operating expenses | 1,781 | 1,648 | 1,557 | 1,367 | 1,189 |
| Depreciation and amortization | 183 | 160 | 150 | 148 | 68 |
| Provision for title claim losses | 238 | 157 | 246 | 228 | 291 |
| Interest expense | 48 | 64 | 73 | 91 | 68 |
| | 6,799 | 6,302 | 5,894 | 5,226 | 5,286 |
| Earnings before income taxes, equity in earnings (loss) of unconsolidated affiliates, and noncontrolling interest | 864 | 955 | 770 | 421 | 664 |
| Income tax expense | 235 | 347 | 274 | 175 | 238 |
| Earnings before equity in earnings of unconsolidated affiliates | 629 | 608 | 496 | 246 | 426 |
| Equity in earnings of unconsolidated affiliates | 10 | 14 | 5 | 3 | 4 |
| Earnings from continuing operations, net of tax | 639 | 622 | 501 | 249 | 430 |
| Earnings (loss) from discontinued operations, net of tax | 155 | 70 | 60 | 270 | (19) |
| Net earnings | 794 | 692 | 561 | 519 | 411 |
| Less: net earnings (loss) attributable to noncontrolling interests | 23 | 42 | 34 | (64) | 17 |
| Net earnings attributable to FNF common shareholders | $ 771 | $ 650 | $ 527 | $ 583 | $ 394 |

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| | (Dollars in millions, except share data) | | | | |
| **Per Share Data:** | | | | | |
| Basic net earnings per share attributable to Old FNF common shareholders | | | | $ 0.33 | $ 1.71 |
| Basic net earnings per share attributable to FNF Group common shareholders | $ 2.44 | $ 2.40 | $ 1.95 | 0.77 | |
| Basic net earnings (loss) per share attributable to FNFV Group common shareholders | $ 1.68 | $ (0.06) | $ (0.16) | 3.04 | |
| Weighted average shares outstanding Old FNF, basic basis (1) | | | | 138 | 230 |
| Weighted average shares outstanding FNF Group, basic basis (1) | 271 | 272 | 277 | 138 | |
| Weighted average shares outstanding FNFV Group, basic basis (1) | 65 | 67 | 79 | 46 | |
| Diluted net earnings per share attributable to Old FNF common shareholders | | | | $ 0.32 | $ 1.68 |
| Diluted net earnings per share attributable to FNF Group common shareholders | $ 2.38 | $ 2.34 | $ 1.89 | 0.75 | |
| Diluted net earnings (loss) per share attributable to FNFV Group common shareholders | $ 1.63 | $ (0.06) | $ (0.16) | 3.01 | |
| Weighted average shares outstanding Old FNF, diluted basis (1) | | | | 142 | 235 |
| Weighted average shares outstanding FNF Group, diluted basis (1) | 278 | 280 | 286 | 142 | |
| Weighted average shares outstanding FNFV Group, diluted basis (1) | 67 | 70 | 82 | 47 | |
| Dividends declared per share of Old FNF common stock | | | | $ 0.36 | $ 0.66 |
| Dividends declared per share of FNF Group common stock | $ 1.02 | $ 0.88 | $ 0.80 | $ 0.37 | |
| **Balance Sheet Data:** | | | | | |
| Investments (2) | $ 3,371 | $ 3,782 | $ 4,015 | $ 3,694 | $ 3,387 |
| Cash and cash equivalents (3) | 1,110 | 1,049 | 696 | 604 | 1,815 |
| Total assets | 9,151 | 14,521 | 14,043 | 13,868 | 10,573 |
| Notes payable | 759 | 987 | 981 | 2,086 | 983 |
| Reserve for title claim losses | 1,490 | 1,487 | 1,583 | 1,621 | 1,636 |
| Redeemable NCI | 344 | 344 | 344 | 715 | — |
| Equity | 4,467 | 6,898 | 6,588 | 6,073 | 5,535 |
| Book value per share Old FNF | | | | | $ 22.14 |
| Book value per share FNF Group (4) | $ 17.53 | $ 22.81 | $ 21.21 | $ 18.87 | |
| Book value per share FNFV Group (4) | | $ 15.54 | $ 15.05 | $ 16.31 | |
| **Other Data:** | | | | | |
| Orders opened by direct title operations (in 000's) | 1,942 | 2,184 | 2,092 | 1,914 | 2,181 |
| Orders closed by direct title operations (in 000's) | 1,428 | 1,575 | 1,472 | 1,319 | 1,708 |
| Provision for title insurance claim losses as a percent of title insurance premiums (5) | 4.9% | 3.3% | 5.7% | 6.2% | 7.0% |
| Title-related revenue (6): | | | | | |
| Percentage direct operations | 63.8% | 63.2% | 65.1% | 64.8% | 59.5% |
| Percentage agency operations | 36.2% | 36.8% | 34.9% | 35.2% | 40.5% |

(1) Weighted average shares outstanding as of December 31, 2014 includes 25,920,078 FNF shares that were issued as part of the acquisition of LPS on January 2, 2014 and 91,711,237 FNFV shares that were issued as part of the recapitalization completed on June 30, 2014. Weighted average shares outstanding as of December 31, 2013 includes 19,837,500 shares that were issued as part of an equity offering by FNF on October 31, 2013.

(2) Investments as of December 31, 2017, 2016, 2015, 2014, and 2013, include securities pledged to secured trust deposits of $367 million, $544 million, $608 million, $499 million, and $261 million, respectively.

(3) Cash and cash equivalents as of December 31, 2017, 2016, 2015, 2014, and 2013 include cash pledged to secured trust deposits of $475 million, $331 million, $108 million, $136 million, and $339 million, respectively.

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

(5) Includes the effects of the release of $97 million of excess reserves in the quarter ended December 31, 2016.

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

**Selected Quarterly Financial Data (Unaudited)**

Selected quarterly financial data is as follows:

| | Quarter Ended | | | |
|---|---|---|---|---|
| | March 31, | June 30, | September 30, | December 31, |
| | (Dollars in millions, except per share data) | | | |
| **2017** | | | | |
| Revenue | $ 1,643 | $ 2,059 | $ 1,986 | $ 1,975 |
| Earnings from continuing operations before income taxes, equity in earnings of unconsolidated affiliates, and noncontrolling interest | 128 | 274 | 242 | 220 |
| Net earnings attributable to FNF Group common shareholders | 71 | 175 | 170 | 246 |
| Net earnings (loss) attributable to FNFV Group common shareholders | 1 | 121 | (5) | (8) |
| Basic earnings per share attributable to FNF Group common shareholders | 0.26 | 0.65 | 0.63 | 0.90 |
| Basic earnings (loss) per share attributable to FNFV Group common shareholders | 0.02 | 1.83 | (0.08) | (0.12) |
| Diluted earnings per share attributable to FNF Group common shareholders | 0.25 | 0.63 | 0.62 | 0.88 |
| Diluted earnings (loss) per share attributable to FNFV Group common shareholders | 0.01 | 1.81 | (0.08) | (0.12) |
| Dividends paid per share FNF Group common stock | 0.25 | 0.25 | 0.25 | 0.27 |
| **2016** | | | | |
| Revenue | $ 1,492 | $ 1,894 | $ 1,948 | $ 1,923 |
| Earnings from continuing operations before income taxes, equity in earnings of unconsolidated affiliates, and noncontrolling interest | 101 | 261 | 251 | 342 |
| Net earnings attributable to FNF Group common shareholders | 73 | 187 | 163 | 231 |
| Net earnings (loss) attributable to FNFV Group common shareholders | 1 | 10 | (7) | (8) |
| Basic earnings per share attributable to FNF Group common shareholders | 0.27 | 0.69 | 0.60 | 0.85 |
| Basic earnings (loss) per share attributable to FNFV Group common shareholders | 0.01 | 0.15 | (0.11) | (0.12) |
| Diluted earnings per share attributable to FNF Group common shareholders | 0.26 | 0.67 | 0.58 | 0.83 |
| Diluted earnings (loss) per share attributable to FNFV Group common shareholders | 0.01 | 0.14 | (0.11) | (0.12) |
| Dividends paid per share FNF Group common stock | 0.21 | 0.21 | 0.21 | 0.25 |

As a result of the BK Distribution and FNFV Split-Off, the results of operations of Black Knight and FNFV were reclassified to discontinued operations in the quarters ended September 30, 2017 and December 31, 2017, respectively. Accordingly, revenue and earnings from continuing operations before income taxes, equity in earnings of unconsolidated affiliates, and noncontrolling interest ("earnings from continuing operations") for the quarters ended March 31, 2016 through September 30, 2017 differ from our previously reported amounts on our corresponding Form 10-Q or Form 10-K, as applicable.

A reconciliation of our selected quarterly financial data to our previously reported amounts is shown below:

| | Quarter Ended | | | |
|---|---|---|---|---|
| | March 31, | June 30, | September 30, | December 31, |
| | (Dollars in millions, except per share data) | | | |
| **2017** | | | | |
| Revenue, continuing operations | $ 1,643 | $ 2,059 | $ 1,986 | |
| Revenue, discontinued operations (1) | 574 | 828 | 279 | |
| Revenue, as reported (2) | 2,217 | 2,887 | 2,265 | |
| Earnings from continuing operations | 128 | 274 | 242 | |
| Earnings from continuing operations, subsequently discontinued (1) | 33 | 256 | (21) | |
| Earnings from continuing operations, as reported (2) | 161 | 530 | 221 | |
| **2016** | | | | |
| Revenue, continuing operations | $ 1,492 | $ 1,894 | $ 1,948 | $ 1,923 |
| Revenue, discontinued operations (1) | 556 | 588 | 569 | 584 |
| Revenue, as reported (2) | 2,048 | 2,482 | 2,517 | 2,507 |
| Earnings from continuing operations | 101 | 261 | 251 | 342 |
| Earnings from continuing operations, subsequently discontinued (1) | 30 | 47 | 20 | 20 |
| Earnings from continuing operations, as reported (2) | 131 | 308 | 271 | 362 |

(1) Represents total revenue and earnings from Black Knight and FNFV.

(2) As previously reported on our corresponding Form 10-Q or Form 10-K.

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

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

**Overview**

For a description of our business, including descriptions of segments, see the discussion under Business in Item 1 of Part I of this Annual Report, which is incorporated by reference into this Part II, Item 7 of this Annual Report.

**Recent Developments**

On November 30, 2017, FGL Holdings (formerly known as CF Corporation), a Cayman Islands exempted company, consummated its previously announced acquisition of Fidelity & Guaranty Life, a Delaware corporation (“FGL”), pursuant to the Agreement and Plan of Merger, dated as of May 24, 2017, as amended (the “Merger Agreement”), by and among CF Corporation, FGL, and certain subsidiaries of CF Corporation and FGL (collectively, the "FGL Merger"). In connection with the FGL Merger, FNF received 13,732,000 common shares and 100,000 Series B Cumulative Preferred ('FG Preferred") shares in exchange for an aggregate investment of $213 million. As of December 31, 2017 FNF owns 16,732,000 common shares, inclusive of 3,000,000 common shares of CF Corporation held prior to the FGL Merger, and 100,000 FG Preferred shares with an aggregate market value of $246 million and we own approximately 8.5% of the outstanding common equity of FGL. The Company’s non-executive Chairman, William P. Foley, II, is also the Co-Executive Chairman of FGL.

On November 17, 2017 we completed our previously announced split-off (the “FNFV Split-Off”) of our former wholly-owned subsidiary Cannae Holdings, Inc. (“Cannae”) which consisted of the businesses, assets and liabilities formerly attributed to our FNF Ventures ("FNFV") Group including Ceridian Holding, LLC, American Blue Ribbon Holdings, LLC and T-System Holding LLC.. The FNFV Split-Off was accomplished by the Company's redemption (the “Redemption”) of all of the outstanding shares of FNFV Group common stock, par value $0.0001 per share (“FNFV common stock”) for outstanding shares of common stock of Cannae, par value $0.0001 per share (“Cannae common stock”), amounting to a redemption on a per share basis of each outstanding share of FNFV common stock for one share of Cannae common stock, as of November 17, 2017. As a result of the FNFV Split-Off, Cannae is a separate, publicly traded company (NYSE: CNNE). All of the Company’s core title insurance, real estate, technology and mortgage related businesses, assets and liabilities currently attributed to the Company’s FNF Group common stock that were not held by Cannae remain with the Company. As a result of the FNFV Split-Off, we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated Balance Sheet as of December 31, 2016. Further, the financial results of FNFV Group have been reclassified to discontinued operations for all periods presented in our Consolidated Statements of Earnings. See Note G. *Discontinued Operations* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report for further details of the results of FNFV Group.

On November 17, 2017, Frank P. Willey resigned from our Board of Directors.

On September 29, 2017 we completed our tax-free distribution to FNF Group shareholders, of all 83.3 million shares of New BKH Corp. ("New BKH") common stock that we previously owned (the “BK Distribution”). Immediately following the BK Distribution, New BKH and Black Knight Financial Services, Inc. ("Black Knight") engaged in a series of transactions resulting in the formation of a new publicly-traded holding company, Black Knight, Inc. ("New Black Knight"). Holders of FNF Group common stock received approximately 0.30663 shares of New Black Knight common stock for every one share of FNF Group common stock held at the close of business on September 20, 2017, the record date for the BK Distribution. New Black Knight's common stock is now listed under the symbol “BKI” on the New York Stock Exchange. The BK Distribution is expected to generally be tax-free to FNF Group shareholders for U.S. federal income tax purposes, except to the extent of any cash received in lieu of New Black Knight's fractional shares. As a result of the BK Distribution, we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated Balance Sheet as of December 31, 2016. Further, the financial results of Black Knight have been reclassified to discontinued operations for all periods presented in our Consolidated Statements of Earnings. See Note G. *Discontinued Operations* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report for further details of the results of Black Knight.

On August 31, 2017, FNF Group completed its acquisition of 90% of the membership interests of Title Guaranty of Hawaii ("Title Guaranty") for $98 million. Title Guaranty was previously an unaffiliated agent of Chicago Title and will continue to be closely aligned with Chicago Title as it formally becomes part of the FNF title company family. Founded in 1896, Title Guaranty is the oldest title company in the State of Hawaii and is a leading provider of title and escrow services, with more than 300 employees in branches across the State of Hawaii providing title insurance and real estate closing services. See Note J *Acquisitions* for further discussion.

On May 3, 2017, our Board of Directors adopted a resolution to increase the size of our Board of Directors to thirteen and elected Heather H. Murren to serve on our Board of Directors. Ms. Murren will serve in Class I of our Board of Directors, and her term will expire at the annual meeting of our shareholders to be held in 2018. In January 2018, Ms. Murren was appointed to the Audit Committee of our Board.

Effective March 1, 2017, three of the Company’s title insurance underwriters, Fidelity National Title Insurance Company, Chicago Title Insurance Company and Commonwealth Land Title Insurance Company, redomesticated from their respective former states of domicile to Florida (the "Redomestication"). In conjunction with the Redomestication, the Company received a special dividend of $280 million from these title insurance underwriters on March 15, 2017.

**Business Trends and Conditions**

*Title*

Our Title segment revenue is closely related to the level of real estate activity which includes sales, mortgage financing and mortgage refinancing. Declines in the level of real estate activity or the average price of real estate sales will adversely affect our title insurance revenues.

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

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

As of January 20, 2018, the Mortgage Banker's Association ("MBA") estimated the size of the U.S. mortgage originations market as shown in the following table for 2016 - 2020 in its "Mortgage Finance Forecast" (in trillions):

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Purchase transactions | $ 1.3 | $ 1.2 | $ 1.2 | $ 1.1 | $ 1.1 |
| Refinance transactions | 0.4 | 0.4 | 0.4 | 0.6 | 1.0 |
| Total U.S. mortgage originations | $ 1.7 | $ 1.6 | $ 1.6 | $ 1.7 | $ 2.1 |

In 2016 and 2017, total originations were reflective of a generally improving residential real estate market driven by increasing home prices and historically low mortgage interest rates. Mortgage interest rates increased slightly in 2017 from 2016, but remained low compared to historical rates. Refinance transactions decreased in 2017 from the historically high levels experienced in recent years through 2016. Existing home sales increased and there was a decline in total housing inventory. In 2018 and beyond, increasing mortgage interest rates driven by gradual increases in the target federal funds rate are expected to adversely impact mortgage originations. In a rising interest rate environment, refinance transactions are expected to continue to decline. The MBA predicts overall mortgage originations in 2018 through 2019 will decrease compared to the 2016 and 2017 periods due to a decrease in refinance transactions, offset by a slight increase in purchase transactions. Purchase transactions involve the issuance of both a lender’s policy and an owner’s policy, resulting in higher title premiums, whereas refinance transactions only require a lender’s policy, resulting in lower title premiums.

While projected increases in mortgage interest rates present a potential headwind for mortgage originations, other economic indicators used to measure the health of the United States economy, including the unemployment rate and consumer confidence, have improved in recent years. According to the United States Department of Labor's Bureau of Labor, the unemployment rate has dropped from 7.4% in 2013 to 4.1% in December 2017. Additionally, the Conference Board's monthly Consumer Confidence Index rose sharply at the end of 2016 and has remained at historical highs through 2017. We believe that improvements in both of these economic indicators, among other indicators which support a generally improving United States economy, present potential tailwinds for mortgage originations and support recent home price trends.

We cannot be certain how, if at all, the positive effects of a change in mix of purchase to refinance transactions and of a generally improving United States economy and the negative effects of projected decreases in overall originations and increases in interest rates will impact our future results of operations. We continually monitor origination trends and believe that, based on our ability to produce industry leading operating margins through all economic cycles, we are well positioned to adjust our operations for adverse changes in real estate activity.

Because commercial real estate transactions tend to be generally driven by supply and demand for commercial space and occupancy rates in a particular area rather than by interest rate fluctuations, we believe that our commercial real estate title insurance business is less dependent on the industry cycles discussed above than our residential real estate title business. Commercial real estate transaction volume is also often linked to the availability of financing. For several years through 2015, we experienced continual year-over-year increases in the fee per file of commercial transactions. In 2016, we experienced a slight decrease in the volume and fee per file of commercial transactions as compared to 2015, but commercial markets still remained at historically elevated levels. Through 2017, we have continued to see strong demand for commercial transactions and have experienced historically high fees per file.

Historically, real estate transactions have produced seasonal revenue fluctuations in the real estate industry. The first calendar quarter is typically the weakest quarter in terms of revenue due to the generally low volume of home sales during January and February. The third calendar quarter is typically the strongest quarter in terms of revenue, primarily due to a higher volume of home sales in the summer months. The fourth quarter is typically also strong due to the desire of commercial entities to complete transactions by year-end. We have noted short-term fluctuations through recent years in resale and refinance transactions as a result of changes in interest rates.

**Critical Accounting Estimates**

The accounting estimates described below are those we consider critical in preparing our Consolidated Financial Statements. Management is required to make estimates and assumptions that can affect the reported amounts of assets and liabilities and disclosures with respect to contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. See Note A *Business and Summary of Significant Accounting Policies* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report for additional description of the significant accounting policies that have been followed in preparing our Consolidated Financial Statements.

*Reserve for Title Claim Losses.* Title companies issue two types of policies, owner's and lender's policies, since both the new owner and the lender in real estate transactions want to know that their interest in the property is insured against certain title defects outlined in the policy. An owner's policy insures the buyer against such defects for as long as he or she owns the property (as well as against warranty claims arising out of the sale of the property by such owner). A lender's policy insures the priority of the lender's security interest over the claims that other parties may have in the property. The maximum amount of liability under a title insurance policy is generally the face amount of the policy plus the cost of defending the insured's title against an adverse claim; however, occasionally we do incur losses in excess of policy limits. While most non-title forms of insurance, including property and casualty, provide for the assumption of risk of loss arising out of unforeseen future events, title insurance serves to protect the policyholder from risk of loss for events that predate the issuance of the policy.

Unlike many other forms of insurance, title insurance requires only a one-time premium for continuous coverage until another policy is warranted due to changes in property circumstances arising from refinance, resale, additional liens, or other events. Unless we issue the subsequent policy, we receive no notice that our exposure under our policy has ended and, as a result, we are unable to track the actual terminations of our exposures.

Our reserve for title claim losses includes reserves for known claims as well as for losses that have been incurred but not yet reported to us (“IBNR”), net of recoupments. We reserve for each known claim based on our review of the estimated amount of the claim and the costs required to settle the claim. Reserves for IBNR claims are estimates that are established at the time the premium revenue is recognized and are based upon historical experience and other factors, including industry trends, claim loss history, legal environment, geographic considerations, and the types of policies written. We also reserve for losses arising from closing and disbursement functions due to fraud or operational error.

The table below summarizes our reserves for known claims and incurred but not reported claims related to title insurance:

| | December 31, 2017 | % | December 31, 2016 | % |
|---|---|---|---|---|
| | (in millions) | | | |
| Known claims | $ 159 | 10.7% | $ 166 | 11.2% |
| IBNR | 1,331 | 89.3 | 1,321 | 88.8 |
| Total Reserve for Title Claim Losses | $ 1,490 | 100.0% | $ 1,487 | 100.0% |

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

Our process for recording our reserves for title claim losses begins with analysis of our loss provision rate. We forecast ultimate losses for each policy year based upon historical policy year loss emergence and development patterns and adjust these to reflect policy year and policy type differences which affect the timing, frequency and severity of claims. We also use a technique that relies on historical loss emergence and on a premium-based exposure measurement. The latter technique is particularly applicable to the most recent policy years, which have few reported claims relative to an expected ultimate claim volume. After considering historical claim losses, reporting patterns and current market information, and analyzing quantitative and qualitative data provided by our legal, claims and underwriting departments, we determine a loss provision rate, which is recorded as a percentage of current title premiums. This loss provision rate is set to provide for losses on current year policies, but due to development of prior years and our long claim duration, it periodically includes amounts of estimated adverse or positive development on prior years' policies. Any significant adjustments to strengthen or release loss reserves resulting from the comparison with our actuarial analysis are made in addition to this loss provision rate. At each quarter end, our recorded reserve for claim losses is initially the result of taking the prior recorded reserve for claim losses, adding the current provision and subtracting actual paid claims, resulting in an amount that management then compares to the range of reasonable estimates provided by the actuarial calculation. We recorded our loss provision rate at 5.0% for the nine months ended September 30, 2017 and at 4.5% for the three months ended December 31, 2017. Our average loss provision rate was 4.9% for the year-ended December 31, 2017. Our average loss provision rate was 3.3% and 5.7% for the years ended December 31, 2016 and 2015, respectively. Our loss provision rate for the year ended December 31, 2016 also included a $97 million adjustment to reduce our prior claim loss reserves. Of such annual loss provision rates, 4.5%, 5.0% and 5.2% related to losses on policies written in the current year, and the remainder related to developments on prior year policies. The decrease in the loss provision rate during 2015 through 2017, excluding a one-time adjustment included in the 2016 period, was primarily driven by continued positive development in the more recent policy years. In 2017 and 2015, adverse development of prior year losses of $19 million or 0.4% of 2017 premium and $22 million or 0.5% of 2015 premium was accounted for in the provision rate. In 2016, favorable development of prior year losses of $79 million or 1.7% of 2016 premium was accounted for in the provision rate.

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

During the quarter ended December 31, 2016, we released excess title reserves of $97 million. The release of excess reserves was due to analysis of historical ultimate loss ratios, the reduced volatility of development of those historical ultimate loss ratios and lower policy year loss ratios in recent years. Due to the reduction in volatility of prior year ultimate loss ratios experienced at the time, we felt that actual results were more in line with our actuarial analysis and released excess reserves to bring our recorded position in line with actuarial projections.

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

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| | | (In millions) | |
| Beginning balance | $ 1,487 | $ 1,583 | $ 1,621 |
| Change in reinsurance recoverable | (4) | (8) | 1 |
| Claims loss provision related to: | | | |
| Current year | 219 | 236 | 224 |
| Prior years (1) | 19 | (79) | 22 |
| Total title claims loss provision | 238 | 157 | 246 |
| Claims paid, net of recoupments related to: | | | |
| Current year | (8) | (10) | (7) |
| Prior years | (223) | (235) | (278) |
| Total title claims paid, net of recoupments | (231) | (245) | (285) |
| Ending balance | $ 1,490 | $ 1,487 | $ 1,583 |
| Title premiums | $ 4,893 | $ 4,723 | $ 4,286 |

(1) Reserve of $97 million released in 2016 related to improving development on prior year claim trends.

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Provision for claim losses as a percentage of title insurance premiums: | | | |
| Current year | 4.5% | 5.0 % | 5.2% |
| Prior years | 0.4 | (1.7) | 0.5 |
| Total provision | 4.9% | 3.3 % | 5.7% |

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

| | Loss Payments | Claims Management Expenses | Recoupments | Net Loss Payments |
|---|---|---|---|---|
| Year ended December 31, 2017 | $ 145 | $ 121 | $ (35) | $ 231 |
| Year ended December 31, 2016 | 179 | 121 | (55) | 245 |
| Year ended December 31, 2015 | 211 | 137 | (63) | 285 |

As of December 31, 2017 and 2016, our recorded reserves were $1,490 million and $1,487 million, respectively, which we determined were reasonable and represented our best estimate and these recorded amounts were within a reasonable range of the central estimates provided by our actuaries. Our recorded reserves were $30 million above the mid-point of the provided range of our actuarial estimates of $1.3 billion to $1.7 billion as of December 31, 2017. Our recorded reserves were equal to the mid-point of the range of our actuarial estimates as of December 31, 2016.

During 2017 and 2016, payment patterns were consistent with our actuaries' and management's expectations. Also, compared to prior years we have seen a leveling off of the ultimate loss ratios in more mature policy years, particularly 2005-2008. While we still see claims opened on these policy years, the proportion of our claims inventory represented by these policy years has continued to decrease. Additionally, we continued to see positive development relating to the 2009 through 2016 policy years, which we believe is indicative of more stringent underwriting standards by us and the lending industry. Further, we have seen significant positive development in residential owner's policies due to increased payments on residential lender's policies which inherently limit the potential loss on the related owner's policy to the differential in coverage amount between the amount insured under the owner's policy and the amount paid under the residential lender's policy. Also, any residential lender's policy claim paid relating to a property that is in foreclosure negates any potential loss under an owner's policy previously issued on the property as the owner has no equity in the property. Our ending open claim inventory decreased from approximately 15,000 claims at December 31, 2016 to approximately 14,000 claims at December 31, 2017. If actual claims loss development varies from what is currently expected and is not offset by other factors, it is possible that our recorded reserves may fall outside a reasonable range of our actuaries' central estimate, which may require additional reserve adjustments in future periods.

An approximate $49 million increase (decrease) in our annualized provision for title claim losses would occur if our loss provision rate were 1% higher (lower), based on 2017 title premiums of $4,893 million. A 10% increase (decrease) in our reserve for title claim losses, as of December 31, 2017, would result in an increase (decrease) in our provision for title claim losses of approximately $149 million.

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

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

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

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

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

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

The following table presents our fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2016, respectively:

| | December 31, 2017 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (In millions) | | | |
| Assets: | | | | |
| Fixed-maturity securities available for sale: | | | | |
| U.S. government and agencies | $ — | $ 195 | $ — | $ 195 |
| State and political subdivisions | — | 391 | — | 391 |
| Corporate debt securities | — | 1,117 | — | 1,117 |
| Foreign government bonds | — | 57 | — | 57 |
| Mortgage-backed/asset-backed securities | — | 56 | — | 56 |
| Preferred stock available for sale | 23 | 296 | — | 319 |
| Equity securities available for sale | 681 | — | — | 681 |
| Total assets | $ 704 | $ 2,112 | $ — | $ 2,816 |

| | December 31, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (In millions) | | | |
| Assets: | | | | |
| Fixed-maturity securities available for sale: | | | | |
| U.S. government and agencies | $ — | $ 117 | $ — | $ 117 |
| State and political subdivisions | — | 615 | — | 615 |
| Corporate debt securities | — | 1,508 | — | 1,508 |
| Foreign government bonds | — | 109 | — | 109 |
| Mortgage-backed/asset-backed securities | — | 58 | — | 58 |
| Preferred stock available for sale | 32 | 283 | — | 315 |
| Equity securities available for sale | 386 | — | — | 386 |
| Total assets | $ 418 | $ 2,690 | $ — | $ 3,108 |

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

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

- State and political subdivisions: These securities are valued based on data obtained for similar securities in active markets and from inter-dealer brokers. Factors considered include relevant trade information, dealer quotes and other relevant market data.
- Corporate debt securities: These securities are valued based on dealer quotes and related market trading activity. Factors considered include the bond's yield, its terms and conditions, or any other feature which may influence its risk and thus marketability, as well as relative credit information and relevant sector news.
- Foreign government bonds: These securities are valued based on a discounted cash flow model incorporating observable market inputs such as available broker quotes and yields of comparable securities.
- Mortgage-backed/asset-backed securities: These securities are comprised of commercial mortgage-backed securities, agency mortgage-backed securities, collateralized mortgage obligations, and asset-backed securities. They are valued based on available trade information, dealer quotes, cash flows, relevant indices and market data for similar assets in active markets.
- Preferred stock: Preferred stocks are valued by calculating the appropriate spread over a comparable US Treasury security. Inputs include benchmark quotes and other relevant market data.

As of December 31, 2017 and 2016 we held no material assets nor liabilities measured at fair value using Level 3 inputs.

During the years ended December 31, 2017, 2016 and 2015, we incurred impairment charges relating to investments that were determined to be other-than-temporarily impaired of $1 million, $19 million, and $14 million, respectively. Refer to Note D. *Investments* to our Consolidated Financial Statements included in Item 8, Part II of this Report for further discussion.

Included in our Investments as of December 31, 2017 are various holdings in foreign securities as follows (in millions):

| | Carrying Value | Cost Basis | Unrealized Gains | Unrealized Losses | Market Value |
|---|---|---|---|---|---|
| | | | (In millions) | | |
| Available for sale securities: | | | | | |
| Australia | $ 22 | $ 22 | — | $ — | $ 22 |
| Belgium | 14 | 14 | — | — | 14 |
| Cayman Islands | 171 | 167 | 4 | — | 171 |
| Canada | 61 | 62 | 1 | (2) | 61 |
| China | 6 | 6 | — | — | 6 |
| France | 9 | 9 | — | — | 9 |
| Germany | 50 | 50 | — | — | 50 |
| Ireland | 28 | 28 | — | — | 28 |
| Japan | 49 | 49 | — | — | 49 |
| Norway | 1 | 1 | — | — | 1 |
| New Zealand | 17 | 17 | — | — | 17 |
| Switzerland | 6 | 6 | — | — | 6 |
| United Kingdom | 24 | 24 | — | — | 24 |
| Total | $ 458 | $ 455 | $ 5 | $ (2) | $ 458 |

We have reviewed all of these securities as of December 31, 2017 and do not believe that there is a risk of significant credit loss as these securities are in a gross unrealized gain position of $5 million and a gross unrealized loss position of $2 million. We held no European sovereign debt at December 31, 2017.

*Goodwill.* We have made acquisitions that have resulted in a significant amount of goodwill. As of December 31, 2017 and 2016, goodwill aggregated was $2,746 million and $2,555 million, respectively. The majority of our goodwill as of December 31, 2017 relates to goodwill recorded in connection with the Chicago Title merger in 2000 and our acquisition of ServiceLink in 2014. Refer to Note F *Goodwill* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report for a summary of recent changes in our Goodwill balance.

In evaluating the recoverability of goodwill, we perform a qualitative analysis to determine whether it is more likely than not that the fair value of our recorded goodwill exceeds its carrying value. Based on the results of this analysis, an annual goodwill impairment test may be completed based on an analysis of the discounted future cash flows generated by the underlying assets. The process of determining whether or not goodwill is impaired or recoverable relies on projections of future cash flows, operating results and market conditions. Future cash flow estimates are based partly on projections of market conditions such as the volume and mix of refinance and purchase transactions and interest rates, which are beyond our control and are likely to fluctuate. While we believe that our estimates of future cash flows are reasonable, these estimates are not guarantees of future performance and are subject to risks and uncertainties that may cause actual results to differ from what is assumed in our impairment tests. Such analyses are particularly sensitive to changes in estimates of future cash flows and discount rates. Changes to these estimates might result in material changes in fair value and determination of the recoverability of goodwill, which may result in charges against earnings and a reduction in the carrying value of our goodwill in the future.We have completed our annual goodwill impairment analysis in each of the past three years and as a result, no impairment charges were recorded to goodwill in 2017, 2016, or 2015. As of December 31, 2017, we have determined that our goodwill has a fair value which substantially exceeds its carrying value.

*Other Intangible Assets.* We have other intangible assets, not including goodwill, which consist primarily of customer relationships and contracts, trademarks and tradenames, and computer software, which are generally recorded in connection with acquisitions at their fair value. Intangible assets with estimable lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In general, customer relationships are amortized over their estimated useful lives using an accelerated method which takes into consideration expected customer attrition rates. Contractual relationships are generally amortized over their contractual life. Trademarks and tradenames are generally amortized over 10 years. Capitalized software includes the fair value of software acquired in business combinations, purchased software and capitalized software development costs. Purchased software is recorded at cost and amortized using the straight-line method over its estimated useful life. Software acquired in business combinations is recorded at its fair value and amortized using straight-line or accelerated methods over its estimated useful life, ranging from 5 to 10 years. For internal-use computer software products, internal and external costs incurred during the preliminary project stage are expensed as they are incurred. Internal and external costs incurred during the application development stage are capitalized and amortized on a product by product basis commencing on the date the software is ready for its intended use. We do not capitalize any costs once the software is ready for its intended use.

We recorded $1 million in impairment expense to other intangible assets during the years ended December 31, 2017 and 2016. The impairment in 2017 was for computer software at ServiceLink. The impairment in 2016 was for customer relationships and tradenames at our real estate subsidiaries in our Corporate and Other segment. We recorded no impairment expense related to other intangible assets in the year ended December 31, 2015.

*Title Revenue Recognition.* Our direct title insurance premiums and escrow, title-related and other fees are recognized as revenue at the time of closing of the related transaction as the earnings process is then considered complete.

Premium revenues from agency operations and agency commissions include an accrual based on estimates using historical information of the volume of transactions that have closed in a particular period for which premiums have not yet been reported to us. The accrual for agency premiums is necessary because of the lag between the closing of these transactions and the reporting of these policies to us by the agent. Historically, the time lag between the closing of these transactions by our agents and the reporting of these policies, or premiums, to us has been up to 15 months, with 84 - 88% reported within three months following closing, an additional 9 - 12% reported within the next three months and the remainder within seven to fifteen months. In addition to accruing these earned but unreported agency premiums, we also accrue agent commission expense, which was 76.7% of agent premiums earned in 2017, 76.1% of agent premiums earned in 2016, and 76.0% of agent premiums earned in 2015. We also record a provision for claim losses at the provision rate at the time we record the accrual for the premiums, which averaged 4.9% for 2017, 5.4%, excluding the release of excess reserves relating to prior years of $97 million, for 2016, and 5.7% for 2015 and accruals for premium taxes and other expenses relating to our premium accrual. The resulting impact to pretax earnings in any period is approximately 11% or less of the accrued premium amount. The impact of the change in the accrual for agency premiums and related expenses on our pretax earnings was an increase of $1 million for the year ended December 31, 2017, an increase of $4 million for the year ended 2016 and a decrease of $5 million for the year ended 2015. The amount due from our agents relating to this accrual, i.e., the agent premium less their contractual retained commission, was approximately $55 million and $53 million at December 31, 2017 and 2016, respectively, which represents agency premiums of approximately $280 million and $267 million at December 31, 2017 and 2016, respectively, and agent commissions of $225 million and $214 million at December 31, 2017 and 2016, respectively. We may have changes in our accrual for agency revenue in the future if additional relevant information becomes available.

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

Refer to Note K *Income Taxes* to our Consolidated Financial Statements in Item 8 of Part II of this Annual Report for discussion of the enactment of the Tax Cuts and Jobs Act ("Tax Reform") in December 2017 and the related impact on our accounting for income taxes.

**Certain Factors Affecting Comparability**

*Year ended December 31, 2017.* As a result of the BK Distribution and the FNFV Split-Off, we have reclassified the results of operations of Black Knight and FNFV to discontinued operations for all periods presented. See discussion under 'Recent Developments' above and Note G *Discontinued Operations* to our Consolidated Financial Statements in Item 8 of Part II of this Annual Report, which is incorporated by reference into this Part II, Item 7 of this Annual Report for further information on the results of Black Knight and FNFV.

## Results of Operations

***Consolidated Results of Operations***

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (Dollars in millions) | | |
| Revenue: | | | |
| Direct title insurance premiums | $ 2,170 | $ 2,097 | $ 2,009 |
| Agency title insurance premiums | 2,723 | 2,626 | 2,277 |
| Escrow, title-related and other fees | 2,637 | 2,416 | 2,246 |
| Interest and investment income | 131 | 126 | 121 |
| Realized gains and losses, net | 2 | (8) | 11 |
| Total revenue | 7,663 | 7,257 | 6,664 |
| Expenses: | | | |
| Personnel costs | 2,460 | 2,275 | 2,137 |
| Agent commissions | 2,089 | 1,998 | 1,731 |
| Other operating expenses | 1,781 | 1,648 | 1,557 |
| Depreciation and amortization | 183 | 160 | 150 |
| Provision for title claim losses | 238 | 157 | 246 |
| Interest expense | 48 | 64 | 73 |
| Total expenses | 6,799 | 6,302 | 5,894 |
| Earnings from continuing operations before income taxes and equity in earnings of unconsolidated affiliates | 864 | 955 | 770 |
| Income tax expense | 235 | 347 | 274 |
| Equity in earnings of unconsolidated affiliates | 10 | 14 | 5 |
| Net earnings from continuing operations | $ 639 | $ 622 | $ 501 |

*Revenues.*

Total revenue in 2017 increased $406 million compared to 2016, primarily due to an increase in fee per file offset by a decrease in closed order volumes in our direct title business and an increase in agent remittances. Total revenue in 2016 increased $593 million compared to 2015, primarily due to an increase in closed order volumes in our direct title business and increases in agent remittances.

Total net earnings from continuing operations increased $17 million in the year ended December 31, 2017, compared to the 2016 period and increased $121 million in the year ended December 31, 2016, compared to the 2015 period.

The change in revenue and net earnings is discussed in further detail at the segment level below.

Interest and investment income levels are primarily a function of securities markets, interest rates and the amount of cash available for investment. Interest and investment income was $131 million, $126 million, and $121 million for the years ended December 31, 2017, 2016, and 2015, respectively. The increase in 2017 as compared to 2016 is primarily attributable to increased yield on our cash and cash equivalents and short term investments and an increase in other investment income, offset by a decrease in income from our fixed maturity holdings resulting from a decrease in average invested assets. The increase in 2016 as compared to 2015 is primarily attributable to increased yield on our fixed maturity holdings and increased dividend income on our equity and preferred securities, offset by a decrease in average invested assets. The effective return on average invested assets, excluding realized gains and losses, was 4.2%, 3.6%, and 3.4% for the years ended December 31, 2017, 2016, and 2015, respectively.

Net realized gains (losses) totaled $2 million, $(8) million, and $11 million for the years ended December 31, 2017, 2016, and 2015, respectively. Net realized gains for the year ended December 31, 2017 includes a gain of $9 million on the sale of an other long term investment and a gain of $2 million related to the sale of fixed assets, offset by losses of $6 million on redemptions of convertible debt, net losses on sales and impairment of available for sale investments of $1 million, and $2 million of other miscellaneous losses. The net realized losses for the year ended December 31, 2016 includes $12 million for net gains on sales of available for sale investments, a gain of $2 million related to the favorable outcome of litigation, and $1 million for other individually insignificant gains. The gains were more than offset by losses of $13 million on impairments of available for sale investments, $3 million for impairment of an equity method investment, $4 million for losses on disposal of fixed assets, a $1 million loss related to the impairments of other intangible assets, and $2 million in realized losses related to other individually insignificant items.

The net realized gain for the year ended December 31, 2015 includes a net realized gain of $1 million on our investment portfolio, net realized gains of $16 million due to favorable settlement of litigation, and $6 million of miscellaneous other net realized losses.

*Expenses.*

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

Personnel costs include base salaries, commissions, benefits, stock-based compensation and bonuses paid to employees, and are one of our most significant operating expenses.

Agent commissions represent the portion of premiums retained by our third-party agents pursuant to the terms of their respective agency contracts.

Other operating expenses consist primarily of facilities expenses, title plant maintenance, premium taxes (which insurance underwriters are required to pay on title premiums in lieu of franchise and other state taxes), appraisal fees and other cost of sales on ServiceLink product offerings and other title-related products, postage and courier services, computer services, professional services, travel expenses, general insurance, and bad debt expense on our trade and notes receivable.

The provision for title claim losses includes an estimate of anticipated title and title-related claims, and escrow losses.

The change in expenses is discussed in further detail at the segment level below.

Income tax expense was $235 million, $347 million, and $274 million for the years ended December 31, 2017, 2016, and 2015, respectively. Income tax expense as a percentage of earnings from continuing operations before income taxes for the years ended December 31, 2017, 2016, and 2015 was 27.2%, 36.3%, and 35.6%, respectively. The decrease in the effective tax rate in 2017 from 2016 is primarily attributable to Tax Reform as described in Note K *Income Taxes* to our Consolidated Financial Statements included in Item 8 of of Part II of this Annual Report. The increase in the effective tax rate in 2016 from 2015 is primarily related to lower tax exempt interest income, tax credits and an increase in non-deductible expenses. The fluctuation in income tax expense as a percentage of earnings from continuing operations before income taxes is attributable to our estimate of ultimate income tax liability and changes in the characteristics of net earnings year to year, such as the weighting of operating income versus investment income.

***Segment Results of Operations***

*Title*

The following table presents the results of our Title segment for the years indicated:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (In millions) | | |
| Revenues: | | | |
| Direct title insurance premiums | $ 2,170 | $ 2,097 | $ 2,009 |
| Agency title insurance premiums | 2,723 | 2,626 | 2,277 |
| Escrow, title-related and other fees | 2,181 | 2,128 | 2,005 |
| Interest and investment income | 131 | 127 | 123 |
| Realized gains and losses, net | 6 | — | 14 |
| Total revenue | 7,211 | 6,978 | 6,428 |
| Expenses: | | | |
| Personnel costs | 2,366 | 2,214 | 2,090 |
| Other operating expenses | 1,404 | 1,436 | 1,381 |
| Agent commissions | 2,089 | 1,998 | 1,731 |
| Depreciation and amortization | 159 | 148 | 144 |
| Provision for title claim losses | 238 | 157 | 246 |
| Total expenses | 6,256 | 5,953 | 5,592 |
| Earnings before income taxes | $ 955 | $ 1,025 | $ 836 |
| Orders opened by direct title operations (in 000's) | 1,942 | 2,184 | 2,092 |
| Orders closed by direct title operations (in 000's) | 1,428 | 1,575 | 1,472 |

Total revenues in 2017 increased $233 million or 3% compared to 2016. Total revenues in 2016 increased $550 million or 9% compared to 2015. The increase in the year ended December 31, 2017 is primarily attributable to increases in both our direct and agency title insurance premiums and growth and acquisitions in our Corporate and Other segment.The increase in the year ended December 31, 2016 is primarily attributable to improvements in the overall real estate markets driving increases in closed order volumes, increased remittances from agents, and revenue associated with acquisitions.

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

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2016 | | 2015 | |
| | Amount | % | Amount | % | Amount | % |
| | (Dollars in millions) | | | | | |
| Title premiums from direct operations | $ 2,170 | 44.3% | $ 2,097 | 44.4% | $ 2,009 | 46.9% |
| Title premiums from agency operations | 2,723 | 55.7 | 2,626 | 55.6 | 2,277 | 53.1 |
| Total title premiums | $ 4,893 | 100.0% | $ 4,723 | 100.0% | $ 4,286 | 100.0% |

Title premiums increased 4% in the year ended December 31, 2017 as compared to the 2016 period. The increase was a result of an increase in premiums from direct operations of $73 million, or 3% and an increase in premiums from agency operations of $97 million, or 4%. Title premiums increased 10% in the year ended December 31, 2016 as compared to the 2015 period. The increase was the result of an increase in premiums from direct operations of $88 million, or 4%, and an increase in premiums from agency operations of $349 million, or 15%.

The following table presents the percentages of opened and closed title insurance orders generated by purchase and refinance transactions by our direct operations:

| | Year ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Opened title insurance orders from purchase transactions (1) | 63.1% | 53.5% | 54.0% |
| Opened title insurance orders from refinance transactions (1) | 36.9 | 46.5 | 46.0 |
| | 100.0% | 100.0% | 100.0% |
| | | | |
| Closed title insurance orders from purchase transactions (1) | 62.8% | 54.1% | 54.5% |
| Closed title insurance orders from refinance transactions (1) | 37.2 | 45.9 | 45.5 |
| | 100.0% | 100.0% | 100.0% |

(1) Percentages exclude consideration of an immaterial number of non-purchase and non-refinance orders.

Title premiums from direct operations increased in 2017, primarily due to an increase in the average fee per file, offset by a decrease in closed order volumes as compared to the prior year. Closed order volumes were 1,428,000 in the year ended December 31, 2017 compared with 1,575,000 in the year ended December 31, 2016. This represented a decrease of 9%. The decrease in closed order volumes was primarily related to a decrease in refinance transactions, offset by an increase in purchase transactions in the year ended December 31, 2017 compared to the 2016 period.

The average fee per file in our direct operations was $2,346 and $2,065 in the years ended December 31, 2017 and 2016, respectively. The increase in average fee per file year over year reflects an increase in the average fee per file in both commercial and residential transactions. The increase in average fee per file from residential transactions is driven by an increase in purchase transactions and decrease in refinance transactions. The residential fee per file tends to change as the mix of refinance and purchase transactions changes, because purchase transactions involve the issuance of both a lender's policy and an owner's policy, resulting in higher fees, whereas refinance transactions only require a lender's policy, resulting in lower fees.

The increase in title premiums from agency operations is primarily the result of an increase in remitted agency premiums that reflects an improving residential purchase environment in many markets throughout the country. The increase also reflects a concerted effort by management to increase remittances with existing agents as well as cultivate new relationships with potential new agents while reducing unprofitable agency relationships.

Escrow, title-related and other fees increased by $53 million, or 2%, in the year ended December 31, 2017 from the 2016 period. Escrow fees, which are more directly related to our direct operations, increased $21 million, or 3%, in the year ended December 31, 2017 compared to the 2016 period. The increase is primarily driven by the related increase in direct title premiums. Other fees in the Title segment, excluding escrow fees, increased $30 million, or 2%, in the year ended December 31, 2017 compared to the 2016 period. The increase in other fees was primarily attributable to revenue growth associated with our home warranty businesses and increased servicing revenue at ServiceLink, offset by decreases at certain other ServiceLink subsidiaries. Escrow, title related and other fees increased by $123 million, or 6%, in the year ended December 31, 2016 from the 2015 period. Escrow fees, which are more directly related to our direct operations, increased $102 million, or 15%, in the year ended December 31, 2016 compared to the 2015 period. The increase is consistent with the increase in direct title premiums. Other fees in the Title segment, excluding escrow fees, increased $21 million, or 1%, in the year ended December 31, 2016 compared to the 2015 period. The increase in other fees was primarily attributable to revenue growth associated with our home warranty businesses as well as acquisitions.

Interest and investment income levels are primarily a function of securities markets, interest rates and the amount of cash available for investment. Interest and investment income increased $4 million in the year ended December 31, 2017 compared to the 2016 period and increased $4 million in the year ended December 31, 2016 compared to the 2015 period.

Personnel costs include base salaries, commissions, benefits, stock-based compensation and bonuses paid to employees, and are one of our most significant operating expenses. The $152 million, or 7% increase in the year ended December 31, 2017 compared to the 2016 period is directionally consistent with and primarily attributable to the increase in revenue. The $124 million, or 6% increase in the year ended December 31, 2016 compared to the 2015 period is primarily related to additional expense associated with the increased order volumes and acquisitions in 2016. Personnel costs as a percentage of total revenues from direct title premiums and escrow, title-related and other fees was 54% and 52% for years ended December 31, 2017 and 2016, respectively. The increase in the 2017 period is primarily attributable to the increase in order volumes from purchase transactions, acquisitions, and the realignment of Property Insight in January 2017 which resulted in increased personnel costs offset by reduced other operating expenses. Average employee count in the Title segment was 23,245 and 21,999 in the years ended December 31, 2017 and 2016, respectively.

Other operating expenses decreased $32 million, or 2%, in the year ended December 31, 2017 from the corresponding 2016 period. The decrease in the 2017 period is primarily attributable to the realignment of Property Insight in January 2017 and a reduction in operating expenses at certain ServiceLink subsidiaries. Other operating expenses increased $55 million, or 4% in the year ended December 31, 2016 from the corresponding 2015 period. Other operating expenses increased consistently with the increase in direct title premiums and escrow, title-related and other fee income offset by other miscellaneous cost reductions.

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

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

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2016 | | 2015 | |
| | Amount | % | Amount | % | Amount | % |
| | (Dollars in millions) | | | | | |
| Agent title premiums | $ 2,723 | 100.0% | $ 2,626 | 100.0% | $ 2,277 | 100.0% |
| Agent commissions | 2,089 | 76.7 | 1,998 | 76.1 | 1,731 | 76.0 |
| Net retained agent premiums | $ 634 | 23.3% | $ 628 | 23.9% | $ 546 | 24.0% |

Net margin from agency title insurance premiums retained as a percentage of total agency premiums in the year ended December 31, 2017 remained relatively consistent with the 2016 and 2015 periods, with the slight decrease attributable to new agents signed in the current year.

The provision for title claim losses includes an estimate of anticipated title and title-related claims and escrow losses. The estimate of anticipated title and title-related claims is accrued as a percentage of title premium revenue based on our historical loss experience and other relevant factors. Any significant adjustments to strengthen or release loss reserves resulting from the comparison with our actuarial analysis are made in addition to this loss provision rate. After considering historical claim losses, reporting patterns and current market information, and analyzing quantitative and qualitative data provided by our legal, claims and underwriting departments, we determine a loss provision rate, which is recorded as a percentage of current title premiums. This loss provision rate is set to provide for losses on current year policies, but due to development of prior years and our long claim duration, it periodically includes amounts of estimated adverse or positive development on prior years' policies. Effective October 1, 2017, we revised our loss provision rate to 4.5% from 5%. Effective October 1, 2016, we revised our loss provision rate to 5.0% from 5.5%. Effective July 1, 2015, we revised our loss provision rate to 5.5% from 6%. All revisions were attributable to favorable development on more recent policy year claims.

The claim loss provision for title insurance was $238 million, $157 million, and $246 million for the years ended December 31, 2017, 2016, and 2015, respectively. These amounts reflected average claim loss provision rates of 4.9% for 2017, 3.3% for 2016, and 5.7% of title premiums for 2015. The decrease in the provision in 2016 reflects the release of excess title reserves of $97 million as well as the reduction in the loss provision rate from 5.5% to 5.0% in the fourth quarter of 2016. The release of excess reserves and change in provision rate was due to analysis of historical ultimate loss ratios, the reduced volatility of development of those historical ultimate loss ratios and lower policy year loss ratios in recent years. We will continue to monitor and evaluate our loss provision level, actual claims paid, and the loss reserve position each quarter.

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*Corporate and Other*

The following table presents the results of our Corporate and Other segment for the years indicated:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | | (In millions) | |
| Revenues: | | | |
| Escrow, title-related and other fees | $ 456 | $ 288 | $ 241 |
| Interest and investment income | — | (1) | (2) |
| Realized gains and losses, net | (4) | (8) | (3) |
| Total revenue | 452 | 279 | 236 |
| Expenses: | | | |
| Personnel costs | 94 | 61 | 47 |
| Other operating expenses | 377 | 212 | 176 |
| Depreciation and amortization | 24 | 12 | 6 |
| Interest expense | 48 | 64 | 73 |
| Total expenses | 543 | 349 | 302 |
| Earnings before income taxes | $ (91) | $ (70) | $ (66) |

The Corporate and Other segment consists of the operations of the parent holding company, our various real estate brokerage businesses, and CINC. This segment also includes certain other unallocated corporate overhead expenses and eliminations of revenues and expenses between it and our Title segment.

Total revenue in our Corporate and Other segment increased $173 million, or 62%, in the year ended December 31, 2017 from the corresponding period in 2016 and increased $43 million, or 18%, in the year ended December 31, 2016 from the corresponding period in 2015. The increase in 2017 is primarily driven by revenue growth of $111 million at our real estate brokerage companies and $53 million at our real estate technology companies, which included $9 million total from the acquisitions of Real Geeks and SkySlope acquired in September and October 2017, respectively. Revenue in 2017 also includes $15 million related to recording one additional month of results of operations for our real estate brokerages in order to catch up their results which were previously recorded on a one month lag. The increase in the year ended December 31, 2016 was primarily driven by growth at our real estate brokerage companies and the acquisition of CINC. Revenue in the 2016 period included $19 million in revenue from CINC which represented 4 months of activity.

Personnel costs increased $33 million, or 54%, in the year ended December 31, 2017 from the corresponding period in 2016 and increased $14 million or 30% in the year ended December 31, 2016 compared to the corresponding 2015 period. The increase in both periods is primarily driven by acquisitions.

Other operating expenses increased $165 million, or 78% in the year ended December 31, 2017 from the 2016 period and increased $36 million, or 20% in the year ended December 31, 2016 from the 2015 period. The increase in the 2017 period from 2016 is primarily attributable to current period acquisitions and increased operating expense associated with higher revenue. Other operating expenses in 2017 also includes $14 million related to recording one additional month results of operations for our real estate brokerages in order to catch up their results which were previously recorded on a one month lag and $17 million related to expenses incurred related to services received from Black Knight that no longer eliminate after the BK Distribution. The increase in the 2016 period from 2015 is primarily attributable to growth of our real estate subsidiaries and current period acquisitions.

Interest expense decreased $16 million, or 25%, in the year ended December 31, 2017 from the corresponding period in 2016 and decreased $9 million or 12% in the year ended December 31, 2016 compared to the corresponding 2015 period. The decrease in the 2017 period is primarily attributable to decreased interest on our convertible Notes resulting from redemptions in the current year. The decrease in the 2016 period is primarily attributable to the payoff of the FNF term loan in May 2015 upon the initial public offering of Black Knight.

*Discontinued Operations*

As a result of the FNFV Split-off and BK Distribution, the results of operations of FNFV and Black Knight are included in discontinued operations. Earnings from discontinued operations, net of tax, were $155 million, $70 million, and $60 million in the years ended December 31, 2017, 2016, and 2015, respectively. The increase in the 2017 period from the corresponding period in 2016 is primarily attributable to FNFV's realized gain on the sale of a subsidiary in the 2017 period. Refer to Note G *Discontinued*

*Operations* to our Consolidated Financial Statements in Item 8 of Part II of this Annual Report for further information, including a breakout of the results of operations of both FNFV and Black Knight.

**Liquidity and Capital Resources**

*Cash Requirements.* Our current cash requirements include personnel costs; operating expenses; claim payments; taxes; payments of interest and principal on our debt, including any premiums thereon, if any; capital expenditures; business acquisitions; stock repurchases and dividends on our common stock. We paid dividends of $1.02 per share during 2017, or approximately $278 million. On January 26, 2018, our Board of Directors formally declared a $0.30 per share cash dividend that is payable on March 30, 2018 to FNF Group shareholders of record as of March 16, 2018. There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders, although there are limits on the ability of certain subsidiaries to pay dividends to us, as described below. The declaration of any future dividends is at the discretion of our Board of Directors. Additional uses of cash flow are expected to include stock repurchases, acquisitions, and debt repayments.

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

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

Our two significant sources of internally generated funds are dividends and other payments from our subsidiaries. As a holding company, we receive cash from our subsidiaries in the form of dividends and as reimbursement for operating and other administrative expenses we incur. The reimbursements are paid within the guidelines of management agreements among us and our subsidiaries. Our insurance subsidiaries are restricted by state regulation in their ability to pay dividends and make distributions. Each state of domicile regulates the extent to which our title underwriters can pay dividends or make distributions. As of December 31, 2017, $1,700 million of our net assets were restricted from dividend payments without prior approval from the relevant departments of insurance. During 2018, our title insurance subsidiaries can pay or make distributions to us of approximately $363 million. Our underwritten title companies and non-title insurance subsidiaries collect revenue and pay operating expenses. However, they are not regulated to the same extent as our insurance subsidiaries.

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

Cash flow from FNF's operations is expected to be used for general corporate purposes including to reinvest in operations, repay debt, pay dividends, repurchase stock, other strategic initiatives or conserving cash.

*Operating Cash Flow*. Our cash flows provided by operations for the years ended December 31, 2017, 2016, and 2015 were $737 million, $1,162 million and $951 million, respectively, inclusive of discontinued operations. Operating cash flows from discontinued operations for the years ended December 31, 2017, 2016, and 2015 were $106 million, $407 million, and $277 million, respectively. The decrease in cash provided by operations of $425 million in the 2017 period from the 2016 period is primarily attributable to increased cash payments for taxes of $161 million and increased realized gains on sales of investments and assets which are included in earnings of $256 million, but which related to investing activities, in the 2017 period. The increase in cash provided by operations of $211 million in the 2016 period from the 2015 period is primarily attributable to increased earnings from operations before equity in earnings of unconsolidated affiliates of $123 million (inclusive of discontinued operations), lower claims payments of $40 million, and lower payments in the 2016 period under our executive investment success bonus program of $27 million, offset by increased payments for income taxes in 2016 compared to 2015 of $118 million. The remaining change in the 2016 period from the 2015 period is attributable to timing of receivables and payables.

*Investing Cash Flows.* Our cash used in investing activities for the years ended December 31, 2017, 2016, and 2015 were $95 million, $254 million and $571 million, respectively, inclusive of discontinued operations. Cash (used in) provided by investing activities from discontinued operations for the years ended December 31, 2017, 2016, and 2015 were $(57) million, $(163) million, and $63 million, respectively. The decrease in cash used in investing activities of $159 million in the 2017 period from the 2016 period is primarily attributable to the $325 million in proceeds from the sale of a subsidiary by FNFV prior to the FNFV Split-Off, lower cash paid for acquisitions of $75 million and decreased capital expenditures of $141 million, offset by a $380 million decrease in net inflows from the sales and distributions of and from equity and fixed income investments, net of purchases and additional investments in unconsolidated investees. The decrease in cash used in investing activities of $317 million in the 2016 period from the 2015 period is primarily attributable to a $860 million increase in net cash inflows from the sales and distributions of and from equity and fixed income investments, net of purchases and additional investments in unconsolidated investees, offset by a $502 million increase in net cash used for acquisitions and dispositions and increased capital expenditures.

*Capital Expenditures.* Total capital expenditures for property and equipment and capitalized software were $149 million, $290 million and $241 million for the years ended December 31, 2017, 2016, and 2015, respectively. The 2017 period consists of capital expenditures of $74 million related to our continuing operations, primarily our Title segment, and $75 million related to discontinued operations. The decrease in the 2017 period from the 2016 period is primarily attributable to the purchase of our corporate headquarters for $71 million in the second quarter of 2016.

*Financing Cash Flows.* Our cash used in financing activities for the years ended December 31, 2017, 2016, and 2015 were $999 million, $588 million and $272 million, respectively, inclusive of discontinued operations. The increase in cash used in financing activities of $411 million in the 2017 period from the 2016 period is primarily attributable to increased net debt service activity of $143 million, cash transferred in the FNFV Split-off and BK Distribution of $109 million, an increase in dividends paid of $39 million, payment of premiums to repurchase convertible Notes of $317 million, and repurchases of BKFS stock by Black Knight of $47 million in the 2017 period prior to the BK Distribution, offset by a reduction in spending on treasury stock repurchases of $253 million. The increase in cash used in financing activities of $316 million in the 2016 period from the 2015 period was primarily attributable to proceeds received from the IPO of Black Knight of $475 million in the 2015 period and increased net debt service activity of $69 million in the 2016 period, offset by a reduction in treasury stock repurchases in 2016 of $222 million.

*Financing.* For a description of our financing arrangements see Note J *Notes Payable* to the Consolidated Financial Statements included in Item 8 of Part II of this Annual Report, which is incorporated by reference into this Part II, Item 7.

*Seasonality.* Historically, real estate transactions have produced seasonal revenue levels for the real estate industry including title insurers. The first calendar quarter is typically the weakest quarter in terms of revenue due to the generally low volume of home sales during January and February. The third calendar quarter has been typically the strongest in terms of revenue primarily due to a higher volume of home sales in the summer months and the fourth quarter is usually also strong due to commercial entities desiring to complete transactions by year-end. We have noted short term fluctuations through recent years in resale and refinance transactions as a result of changes in interest rates.

*Contractual Obligations.* Our long term contractual obligations generally include our loss reserves, our credit agreements and other debt facilities and operating lease payments on certain of our premises and equipment.

As of December 31, 2017, our required annual payments relating to these contractual obligations were as follows:

| | 2018 | 2019 | 2020 | 2021 | 2022 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| | | | | (In millions) | | | |
| Notes payable | $ 66 | $ — | $ 1 | $ — | $ 700 | $ — | $ 767 |
| Operating lease payments | 150 | 127 | 98 | 71 | 46 | 44 | 536 |
| Pension and other benefit payments | 18 | 16 | 16 | 15 | 14 | 99 | 178 |
| Title claim losses | 230 | 218 | 174 | 149 | 96 | 623 | 1,490 |
| Interest on fixed rate notes payable | 25 | 22 | 22 | 22 | 15 | — | 106 |
| Total | $ 489 | $ 383 | $ 311 | $ 257 | $ 871 | $ 766 | $ 3,077 |

As of December 31, 2017, we had title insurance reserves of $1,490 million. The amounts and timing of these obligations are estimated and are not set contractually. While we believe that historical loss payments are a reasonable source for projecting future claim payments, there is significant inherent uncertainty in this payment pattern estimate because of the potential impact of changes in:

- future mortgage interest rates, which will affect the number of real estate and refinancing transactions and, therefore, the rate at which title insurance claims will emerge;

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

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

We sponsor multiple pension plans and other post-retirement benefit plans. See Note O. *Employee Benefit Plans* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report for further information.

*Capital Stock Transactions.* On July 20, 2015, our Board of Directors approved a new three-year stock repurchase program under which we can purchase up to 25 million shares of our FNF Group common stock through July 30, 2018. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. Since the original commencement of the plan, we have repurchased a total of 10,589,000 FNF common shares for $372 million, or an average of $35.10 per share, and there are 14,411,000 shares available to be repurchased under this program. We have not made any repurchases under this program in the year ended December 31, 2017 or in the subsequent period ended January 31, 2018.

*Equity Security and Preferred Stock Investments.* Our equity security and preferred stock investments may be subject to significant volatility. Should the fair value of these investments fall below our cost basis and/or the financial condition or prospects of these companies deteriorate, we may determine in a future period that this decline in fair value is other-than-temporary, requiring that an impairment loss be recognized in the period such a determination is made.

*Off-Balance Sheet Arrangements.* We do not engage in off-balance sheet activities other than our escrow operations. In conducting our operations, we routinely hold customers' assets in escrow, pending completion of real estate transactions, and are responsible for the proper disposition of these balances for our customers. Certain of these amounts are maintained in segregated bank accounts and have not been included in the accompanying Consolidated Balance Sheets, consistent with Generally Accepted Accounting Principles and industry practice. These balances amounted to $15.4 billion and $14.0 billion at December 31, 2017 and 2016, respectively. As a result of holding these customers' assets in escrow, we have ongoing programs for realizing economic benefits during the year through favorable borrowing and vendor arrangements with various banks.

**Recent Accounting Pronouncements**

For a description of recent accounting pronouncements, see Note S *Recent Accounting Pronouncements* to our Consolidated Financial Statements included in Item 8 of Part II of this Annual Report.

**Item 7A.** ***Quantitative and Qualitative Disclosure about Market Risk***

In the normal course of business, we are routinely subject to a variety of risks, as described in Item 1A. *Risk Factors* of this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission. For example, we are exposed to the risk that decreased real estate activity, which depends in part on the level of interest rates, may reduce our revenues.

The risks related to our business also include certain market risks that may affect our debt and other financial instruments. At present, we face the market risks associated with our marketable equity securities subject to equity price volatility and with interest rate movements on our outstanding debt and fixed income investments.

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

At December 31, 2017, we had $759 million in long-term debt, of which $295 million, net of unamortized debt issuance costs of $5 million, bears interest at a floating rate. Accordingly, fluctuations in market interest rates will not have a material impact on our resulting interest expense.

Our fixed maturity investments, certain preferred stocks and our floating rate debt are subject to an element of market risk from changes in interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions. We manage interest rate risk through a variety of measures. We monitor our interest rate risk and make investment decisions to manage the perceived risk.

Equity price risk is the risk that we will incur economic losses due to adverse changes in equity prices. In the past, our exposure to changes in equity prices primarily resulted from our holdings of equity securities. At December 31, 2017, we held $681 million in marketable equity securities (not including our investments in preferred stock of $319 million at December 31, 2017 and our Investments in unconsolidated affiliates, which amounted to $150 million at December 31, 2017). The carrying values of investments subject to equity price risks are based on quoted market prices as of the balance sheet date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Financial instruments, which potentially subject us to concentrations of credit risk, consist primarily of cash equivalents, short-term investments, and trade receivables. We require placement of cash in financial institutions evaluated as highly creditworthy.

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

The financial instruments that are included in the sensitivity analysis with respect to interest rate risk include fixed maturity investments, preferred stock and notes payable. The financial instruments that are included in the sensitivity analysis with respect to equity price risk include marketable equity securities. With the exception of our equity method investments, it is not anticipated that there would be a significant change in the fair value of other long-term investments or short-term investments if there were a change in market conditions, based on the nature and duration of the financial instruments involved.

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

Information provided by the sensitivity analysis does not necessarily represent the actual changes in fair value that we would incur under normal market conditions because, due to practical limitations, all variables other than the specific market risk factor are held constant. For example, our reserve for title claim losses (representing 34.3% of total liabilities at December 31, 2017) is not included in the hypothetical effects.

We have no market risk sensitive instruments entered into for trading purposes; therefore, all of our market risk sensitive instruments were entered into for purposes other than trading. The results of the sensitivity analysis at December 31, 2017 and December 31, 2016, are as follows:

**Interest Rate Risk**

At December 31, 2017, an increase (decrease) in the levels of interest rates of 100 basis points, with all other variables held constant, would result in a (decrease) increase in the fair value of our fixed maturity securities and certain of our investments in preferred stock which are tied to interest rates of $45 million as compared with a (decrease) increase of $59 million at December 31, 2016.

**Equity Price Risk**

At December 31, 2017, a 20% increase (decrease) in market prices, with all other variables held constant, would result in an increase (decrease) in the fair value of our equity securities portfolio of $136 million, as compared with an increase (decrease) of $77 million at December 31, 2016.

**Item 8.** ***Financial Statements and Supplementary Data***

## FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES

## INDEX TO FINANCIAL INFORMATION

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Fidelity National Financial, Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited Fidelity National Financial, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Fidelity National Financial, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2017, and the related consolidated statements of earnings, comprehensive earnings, equity and cash flows for the year then ended, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) and our report dated February 23, 2018 expressed an unqualified opinion thereon.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control Over Financial Reporting**

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

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

/s/ Ernst & Young LLP
Certified Public Accountants

Jacksonville, Florida
February 23, 2018

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of Fidelity National Financial, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2017, and the related consolidated statements of earnings, comprehensive earnings, equity and cash flows for the year then ended, and the related notes and financial statement schedules listed in the Index at Item 15(a)(2) (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2017, and the consolidated results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 23, 2018 expressed an unqualified opinion thereon.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP
Certified Public Accountants

We have served as the Company's auditor since 2017

Jacksonville, Florida
February 23, 2018

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

We have audited the accompanying Consolidated Balance Sheet of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2016, and the related Consolidated Statements of Earnings, Comprehensive Earnings, Equity, and Cash Flows for each of the years in the two-year period ended December 31, 2016. In connection with our audits of the Consolidated Financial Statements, we also have audited the Financial Statement Schedules listed in the Index at Item 15. These Consolidated Financial Statements and Financial Statement Schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements and Financial Statement Schedules based on our audits.

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

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of Fidelity National Financial, Inc. and subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related Financial Statement Schedules, when considered in relation to the basic Consolidated Financial Statements taken as a whole, present fairly, in all material respect, the information set forth therein.

/s/ KPMG LLP

Jacksonville, Florida
February 27, 2017, except for Notes A and G,
as to which are February 23, 2018
Certified Public Accountants

# FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
## CONSOLIDATED BALANCE SHEETS

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (In millions, except share data) | |
| **ASSETS** | | |
| Investments: | | |
| Fixed maturities available for sale, at fair value, at December 31, 2017 and 2016, includes pledged fixed maturities of $364 and $332, respectively, related to secured trust deposits | $ 1,816 | $ 2,407 |
| Preferred stock available for sale, at fair value | 319 | 315 |
| Equity securities available for sale, at fair value | 681 | 386 |
| Investments in unconsolidated affiliates | 150 | 150 |
| Other long-term investments | 110 | 42 |
| Short-term investments, includes pledged short term investments of $3 and $212 at December 31, 2017 and 2016, respectively, related to secured trust deposits | 295 | 482 |
| Total investments | 3,371 | 3,782 |
| Cash and cash equivalents, at December 31, 2017 and 2016, includes pledged cash of $475 and $331, respectively, related to secured trust deposits | 1,110 | 1,049 |
| Trade and notes receivables, net of allowance of $18 and $21 at December 31, 2017 and 2016, respectively | 317 | 322 |
| Goodwill | 2,746 | 2,555 |
| Prepaid expenses and other assets | 398 | 422 |
| Other intangible assets, net | 618 | 585 |
| Title plants | 398 | 395 |
| Property and equipment, net | 193 | 192 |
| Assets of discontinued operations | — | 5,219 |
| Total assets | $ 9,151 | $ 14,521 |
| **LIABILITIES AND EQUITY** | | |
| Liabilities: | | |
| Accounts payable and other accrued liabilities | $ 955 | $ 933 |
| Income taxes payable | 137 | 4 |
| Notes payable | 759 | 987 |
| Reserve for title claim losses | 1,490 | 1,487 |
| Secured trust deposits | 830 | 860 |
| Deferred tax liability | 169 | 370 |
| Liabilities of discontinued operations | — | 2,638 |
| Total liabilities | 4,340 | 7,279 |
| Commitments and Contingencies: | | |
| Redeemable non-controlling interest by 21% minority holder of ServiceLink Holdings, LLC | 344 | 344 |
| Equity: | | |
| FNF Group common stock, $0.0001 par value; authorized 487,000,000 shares as of December 31, 2017 and 2016; outstanding of 274,431,737 and 272,205,261 as of December 31, 2017 and 2016, respectively; and issued of 287,718,304 and 285,041,900 as of December 31, 2017 and 2016, respectively | — | — |
| FNFV Group common stock, $0.0001 par value; authorized 113,000,000 shares as of December 31, 2016, outstanding of 66,416,822 as of December 31, 2016, and issued of 80,581,675 as of December 31, 2016, see Note G | — | — |
| Preferred stock, $0.0001 par value; authorized, 50,000,000 shares; issued and outstanding, none | — | — |
| Additional paid-in capital | 4,587 | 4,848 |
| Retained earnings | 217 | 1,784 |
| Accumulated other comprehensive earnings (loss) | 111 | (13) |
| Less: Treasury stock, 13,286,567 shares and 27,001,492 shares as of December 31, 2017 and 2016, respectively, at cost | (468) | (623) |
| Total Fidelity National Financial, Inc. shareholders' equity | 4,447 | 5,996 |
| Noncontrolling interests | 20 | 902 |
| Total equity | 4,467 | 6,898 |
| Total liabilities, redeemable non-controlling interest and equity | $ 9,151 | $ 14,521 |

See Notes to Consolidated Financial Statements.

# FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF EARNINGS

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (In millions, except share data) | | |
| **Revenues:** | | | |
| Direct title insurance premiums | $ 2,170 | $ 2,097 | $ 2,009 |
| Agency title insurance premiums | 2,723 | 2,626 | 2,277 |
| Escrow, title-related and other fees | 2,637 | 2,416 | 2,246 |
| Interest and investment income | 131 | 126 | 121 |
| Realized gains and losses, net | 2 | (8) | 11 |
| Total revenues | 7,663 | 7,257 | 6,664 |
| **Expenses:** | | | |
| Personnel costs | 2,460 | 2,275 | 2,137 |
| Agent commissions | 2,089 | 1,998 | 1,731 |
| Other operating expenses | 1,781 | 1,648 | 1,557 |
| Depreciation and amortization | 183 | 160 | 150 |
| Provision for title claim losses | 238 | 157 | 246 |
| Interest expense | 48 | 64 | 73 |
| Total expenses | 6,799 | 6,302 | 5,894 |
| Earnings from continuing operations before income taxes and equity in earnings of unconsolidated affiliates | 864 | 955 | 770 |
| Income tax expense on continuing operations | 235 | 347 | 274 |
| Earnings from continuing operations before equity in earnings of unconsolidated affiliates | 629 | 608 | 496 |
| Equity in earnings of unconsolidated affiliates | 10 | 14 | 5 |
| Net earnings from continuing operations | 639 | 622 | 501 |
| Earnings from discontinued operations, net of tax | 155 | 70 | 60 |
| Net earnings | 794 | 692 | 561 |
| Less: Net earnings attributable to non-controlling interests | 23 | 42 | 34 |
| Net earnings attributable to Fidelity National Financial, Inc. common shareholders | $ 771 | $ 650 | $ 527 |
| | | | |
| **Amounts attributable to Fidelity National Financial, Inc., common shareholders:** | | | |
| Net earnings from continuing operations, attributable to FNF Group common shareholders | $ 639 | $ 627 | $ 511 |
| Net earnings from discontinued operations, attributable to FNF Group common shareholders | 23 | 27 | 29 |
| Net earnings attributable to FNF Group common shareholders | $ 662 | $ 654 | $ 540 |
| | | | |
| Net earnings (loss) from discontinued operations attributable to FNFV Group common shareholders | $ 109 | $ (4) | $ (13) |

See Notes to Consolidated Financial Statements.

**FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF EARNINGS - (continued)**

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2017** | **2016** | **2015** |
| **Earnings per share** | | | |
| *Basic* | | | |
| Net earnings from continuing operations attributable to FNF Group common shareholders | $ 2.36 | $ 2.31 | $ 1.85 |
| Net earnings from discontinued operations attributable to FNF Group common shareholders | 0.08 | 0.09 | 0.10 |
| Net earnings per share attributable to FNF Group common shareholders | $ 2.44 | $ 2.40 | $ 1.95 |
| Net earnings (loss) per share from discontinued operations attributable to FNFV Group common shareholders | $ 1.68 | $ (0.06) | $ (0.16) |
| *Diluted* | | | |
| Net earnings from continuing operations attributable to FNF Group common shareholders | $ 2.30 | $ 2.24 | $ 1.79 |
| Net earnings from discontinued operations attributable to FNF Group common shareholders | 0.08 | 0.10 | 0.10 |
| Net earnings per share attributable to FNF Group common shareholders | $ 2.38 | $ 2.34 | $ 1.89 |
| Net earnings (loss) per share from discontinued operations attributable to FNFV Group common shareholders | $ 1.63 | $ (0.06) | $ (0.16) |
| Weighted average shares outstanding FNF Group common stock, basic basis | 271 | 272 | 277 |
| Weighted average shares outstanding FNF Group common stock, diluted basis | 278 | 280 | 286 |
| Cash dividends paid per share FNF Group common stock | $ 1.02 | $ 0.88 | $ 0.80 |
| Weighted average shares outstanding FNFV Group common stock, basic basis | 65 | 67 | 79 |
| Weighted average shares outstanding FNFV Group common stock, diluted basis | 67 | 70 | 82 |

See Notes to Consolidated Financial Statements.

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## FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (In millions) | | |
| Net earnings | $ 794 | $ 692 | $ 561 |
| Other comprehensive earnings (loss), net of tax: | | | |
| Unrealized gain (loss) on investments and other financial instruments, net (excluding investments in unconsolidated affiliates) (1) | 25 | 38 | (38) |
| Unrealized gain (loss) relating to investments in unconsolidated affiliates (2) | 12 | 10 | (27) |
| Unrealized gain (loss) on foreign currency translation and cash flow hedging(3) | 6 | 2 | (8) |
| Reclassification adjustments for change in unrealized gains and losses included in net earnings (4) | 3 | — | — |
| Minimum pension liability adjustment (5) | 9 | 6 | 2 |
| Other comprehensive earnings (loss) | 55 | 56 | (71) |
| Comprehensive earnings | 849 | 748 | 490 |
| Less: Comprehensive earnings attributable to noncontrolling interests | 25 | 41 | 34 |
| Comprehensive earnings attributable to Fidelity National Financial Inc. common shareholders | $ 824 | $ 707 | $ 456 |
| Comprehensive earnings attributable to FNF Group common shareholders | $ 709 | $ 703 | $ 494 |
| Comprehensive earnings (loss) attributable to FNFV Group common shareholders | $ 115 | $ 4 | $ (38) |

(1) Net of income tax expense (benefit) of $16 million, $23 million, and $(23) million for the years ended December 31, 2017, 2016 and 2015, respectively.

(2) Net of income tax expense (benefit) of $7 million, $6 million, and $(17) million for the years ended December 31, 2017, 2016 and 2015, respectively.

(3) Net of income tax expense (benefit) of $4 million, $1 million, and $(7) million for the years ended December 31, 2017, 2016, and 2015, respectively.

(4) Net of income tax expense of $2 million for the year ended December 31, 2017.

(5) Net of income tax expense of $3 million for the years ended December 31, 2017, 2016, and 2015, respectively.

See Notes to Consolidated Financial Statements.

## FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF EQUITY

| | Fidelity National Financial, Inc. Common Shareholders | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FNF Group Common Stock | | FNFV Group Common Stock | | | | | Treasury Stock | | | | |
| | Shares | $ | Shares | $ | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Earnings (Loss) | Shares | $ | Non-controlling Interests | Total Equity | Redeemable Non-controlling Interests |
| | | | | | | | (In millions) | | | | | |
| Balance, December 31, 2014 | 279 | $ — | 93 | $ — | $ 4,855 | $ 1,150 | $ 2 | — | $ (13) | $ 79 | $ 6,073 | $ 715 |
| Gain on Black Knight IPO | — | — | — | — | 53 | — | — | — | — | (96) | (43) | — |
| Proceeds Black Knight IPO | — | — | — | — | — | — | — | — | — | 475 | 475 | — |
| Exercise of stock options | 2 | — | — | — | 26 | — | — | — | — | — | 26 | — |
| Purchase of additional interest in consolidated subsidiaries | — | — | — | — | (6) | — | — | — | — | — | (6) | — |
| Tax benefit associated with the exercise of stock-based compensation | — | — | — | — | 21 | — | — | — | — | — | 21 | — |
| Issuance of restricted stock | 1 | — | — | — | — | — | — | — | — | — | — | — |
| Equity offering costs | — | — | — | — | (1) | — | — | — | — | — | (1) | — |
| Other comprehensive earnings — unrealized loss on investments and other financial instruments | — | — | — | — | — | — | (38) | — | — | — | (38) | — |
| Other comprehensive earnings — unrealized loss on investments in unconsolidated affiliates | — | — | — | — | — | — | (27) | — | — | — | (27) | — |
| Other comprehensive earnings — unrealized loss on foreign currency and cash flow hedging | — | — | — | — | — | — | (8) | — | — | — | (8) | — |
| Other comprehensive earnings — minimum pension liability adjustment | — | — | — | — | — | — | 2 | — | — | — | 2 | — |
| Stock-based compensation | — | — | — | — | 38 | — | — | — | — | (41) | (3) | 59 |
| Shares withheld for taxes and in treasury | — | — | — | — | — | — | — | — | (14) | — | (14) | — |
| Purchases of treasury stock | — | — | — | — | — | — | — | 27 | (505) | — | (505) | — |
| Contributions to noncontrolling interests | — | — | — | — | — | — | — | — | — | (1) | (1) | — |
| Sale of noncontrolling interest | — | — | — | — | — | — | — | — | — | (27) | (27) | — |
| Reclassification of redeemable NCI resulting from IPO/share conversion | — | — | — | — | — | — | — | — | — | 430 | 430 | (430) |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Retirement of treasury shares | — | — | (12) | — | (186) | — | — | (12) | 186 | — | — | — |
| Distribution of J. Alexander's to FNFV Shareholders | — | — | — | — | — | (81) | — | — | — | (13) | (94) | — |
| Dilution of ownership in affiliates | — | — | — | — | (5) | — | — | — | — | — | (5) | — |
| Dividends declared | — | — | — | — | — | (222) | — | — | — | — | (222) | — |
| Subsidiary dividends paid to noncontrolling interests | — | — | — | — | — | — | — | — | — | (6) | (6) | — |
| Net earnings | — | — | — | — | — | 527 | — | — | — | 34 | 561 | — |
| Balance, December 31, 2015 | 282 | $ — | 81 | $ — | $ 4,795 | $ 1,374 | $ (69) | 15 | $ (346) | $ 834 | $ 6,588 | $ 344 |
| Exercise of stock options | 2 | — | — | — | 19 | — | — | — | — | — | 19 | — |
| Issuance of restricted stock | 1 | — | — | — | — | — | — | — | — | — | — | — |
| Other comprehensive earnings — unrealized gain (loss) on investments and other financial instruments | — | — | — | — | — | — | 38 | — | — | (1) | 37 | — |
| Other comprehensive earnings — unrealized gain on investments in unconsolidated affiliates | — | — | — | — | — | — | 10 | — | — | — | 10 | — |
| Other comprehensive earnings — unrealized gain on foreign currency and cash flow hedging | — | — | — | — | — | — | 2 | — | — | — | 2 | — |
| Other comprehensive earnings — minimum pension liability adjustment | — | — | — | — | — | — | 6 | — | — | — | 6 | — |
| Stock-based compensation | — | — | — | — | 36 | — | — | — | — | 22 | 58 | — |
| Shares withheld for taxes and in treasury | — | — | — | — | — | — | — | — | (9) | — | (9) | |
| Purchases of treasury stock | — | — | — | — | — | — | — | 12 | (268) | — | (268) | — |
| Debt conversion settled in cash | — | — | — | — | (2) | — | — | — | — | — | (2) | — |
| Acquisition of noncontrolling interest | — | — | — | — | — | — | — | — | — | 14 | 14 | — |
| Dividends declared | — | — | — | — | — | (240) | — | — | — | — | (240) | — |
| Subsidiary dividends paid to noncontrolling interests | — | — | — | — | — | — | — | — | — | (9) | (9) | — |
| Net earnings | — | — | — | — | — | 650 | — | — | — | 42 | 692 | — |
| Balance, December 31, 2016 | 285 | $ — | 81 | $ — | $ 4,848 | $ 1,784 | $ (13) | 27 | $ (623) | $ 902 | $ 6,898 | $ 344 |

See Notes to Consolidated Financial Statements.

# FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF EQUITY - (continued)

| | Fidelity National Financial, Inc. Common Shareholders | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FNF Group Common Stock | | FNFV Group Common Stock | | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Earnings (Loss) | Treasury Stock | | Non-controlling Interests | Total Equity | Redeemable Non-controlling Interests |
| | Shares | $ | Shares | $ | | | | Shares | $ | | | |
| | (In millions) | | | | | | | | | | | |
| Balance, December 31, 2016 | 285 | $ — | 81 | $ — | $ 4,848 | $ 1,784 | $ (13) | 27 | $ (623) | $ 902 | $ 6,898 | $ 344 |
| Exercise of stock options | 2 | — | — | — | 31 | — | — | — | — | — | 31 | — |
| Issuance of restricted stock | 1 | — | — | — | — | — | — | — | — | — | — | — |
| Other comprehensive earnings — unrealized gain on investments and other financial instruments | — | — | — | — | — | — | 25 | — | — | 2 | 27 | — |
| Other comprehensive earnings — unrealized gain on investments in unconsolidated affiliates | — | — | — | — | — | — | 12 | — | — | — | 12 | — |
| Other comprehensive earnings — unrealized gain on foreign currency and cash flow hedging | — | — | — | — | — | — | 6 | — | — | — | 6 | — |
| Other comprehensive earnings — minimum pension liability adjustment | — | — | — | — | — | — | 9 | — | — | — | 9 | — |
| Reclassification adjustments for change in unrealized gains and losses included in net earnings | — | — | — | — | — | — | 3 | — | — | — | 3 | — |
| Stock-based compensation | — | — | — | — | 33 | — | — | — | — | 11 | 44 | — |
| Purchase of additional interest in consolidated subsidiaries | — | — | — | — | (1) | — | — | — | — | (1) | (2) | — |
| Shares withheld for taxes and in treasury | — | — | — | — | — | — | — | 1 | (18) | — | (18) | |
| Purchases of treasury stock | — | — | — | — | — | — | — | 1 | (23) | — | (23) | — |
| Sale of consolidated subsidiary | — | — | — | — | — | — | — | — | — | (6) | (6) | — |
| Debt conversions settled in cash | — | — | — | — | (324) | — | — | — | — | — | (324) | — |
| Acquisitions of noncontrolling interests | — | — | — | — | — | — | — | — | — | 44 | 44 | — |
| Black Knight repurchases of BKFS stock | — | — | — | — | — | — | — | — | — | (47) | (47) | — |
| Spin-off of Black Knight | — | — | — | — | — | (823) | — | — | — | (801) | (1,624) | — |
| Distribution of FNFV to Cannae Holdings | — | — | (81) | — | — | (1,236) | 69 | (16) | 196 | (98) | (1,069) | — |
| Dividends declared | — | — | — | — | — | (279) | — | — | — | — | (279) | — |
| Subsidiary dividends paid to noncontrolling interests | — | — | — | — | — | — | — | — | — | (9) | (9) | — |
| Net earnings | — | — | — | — | — | 771 | — | — | — | 23 | 794 | — |
| Balance, December 31, 2017 | 288 | $ — | — | $ — | $ 4,587 | $ 217 | $ 111 | 13 | $ (468) | $ 20 | $ 4,467 | $ 344 |

See Notes to Consolidated Financial Statements.

## FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (In millions) | | |
| **Cash Flows From Operating Activities:** | | | |
| Net earnings | $ 794 | $ 692 | $ 561 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | |
| Depreciation and amortization | 389 | 431 | 410 |
| Equity in losses of unconsolidated affiliates | 2 | 8 | 16 |
| Net loss on sales of investments and other assets, net | 16 | 2 | 13 |
| Gain on sale of OneDigital | (276) | — | — |
| Gain on sale of Cascade Timberlands | — | — | (12) |
| Stock-based compensation cost | 44 | 58 | 56 |
| Changes in assets and liabilities, net of effects from acquisitions: | | | |
| Net increase in pledged cash, pledged investments and secured trust deposits | — | — | (2) |
| Net (increase) decrease in trade receivables | (11) | (14) | 7 |
| Net increase in prepaid expenses and other assets | (60) | (4) | (95) |
| Net (decrease) increase in accounts payable, accrued liabilities, deferred revenue and other | (31) | 87 | (2) |
| Net increase (decrease) in reserve for title claim losses | 3 | (96) | (38) |
| Net change in income taxes | (133) | (2) | 37 |
| Net cash provided by operating activities | 737 | 1,162 | 951 |
| **Cash Flows From Investing Activities:** | | | |
| Proceeds from sales of investment securities available for sale | 434 | 238 | 775 |
| Proceeds from calls and maturities of investment securities available for sale | 626 | 452 | 383 |
| Proceeds from sales of other assets | 4 | 6 | 2 |
| Proceeds from the sale of cost method and other investments | 21 | 36 | 14 |
| Additions to property and equipment and capitalized software | (149) | (290) | (241) |
| Purchases of investment securities available for sale | (643) | (598) | (1,102) |
| Purchases of other long-term investments | (86) | — | (27) |
| Net (purchases of) proceeds from short-term investment activities | (164) | 493 | (565) |
| Contributions to investments in unconsolidated affiliates | (78) | (166) | (97) |
| Distributions from unconsolidated affiliates | 104 | 139 | 353 |
| Net other investing activities | (7) | (7) | (11) |
| Proceeds from the sale of OneDigital | 325 | — | — |
| Acquisition of T-System Holding LLC, net of cash acquired | (202) | — | — |
| Acquisition of Title Guaranty of Hawaii, net of cash acquired | (93) | — | — |
| Acquisition of BPG Holdings, LLC, net of cash acquired | — | — | (43) |
| Proceeds from sale of Cascade Timberlands | — | — | 56 |
| Acquisition of Commissions, Inc., net of cash acquired | — | (229) | — |
| Acquisition of eLynx Holdings, Inc., net of cash acquired | — | (115) | — |
| Acquisitions of Real Geeks, LLC and Sky Slope, Inc., net of cash acquired | (82) | — | — |
| Other acquisitions/disposals of businesses, net of cash acquired | (105) | (213) | (68) |
| Net cash used in investing activities | (95) | (254) | (571) |
| **Cash Flows From Financing Activities:** | | | |
| Borrowings | 785 | 132 | 1,360 |
| Debt service payments | (996) | (200) | (1,359) |
| Additional investment in noncontrolling interest | (2) | — | (6) |
| Equity portion of debt conversions paid in cash | (317) | (2) | — |
| Proceeds from Black Knight IPO | — | — | 475 |
| Distributions by Black Knight to member | — | — | (17) |
| Debt and equity issuance costs | — | — | (1) |
| Black Knight treasury stock repurchases of BKFS stock | (47) | — | — |
| Cash transferred in J. Alexander's spin-off | — | — | (13) |
| Cash transferred in the Black Knight spin-off | (87) | — | — |
| Cash transferred in the FNFV split-off | (22) | — | — |
| Dividends paid | (278) | (239) | (220) |
| Subsidiary dividends paid to noncontrolling interest shareholders | (9) | (9) | (6) |
| Exercise of stock options | 31 | 19 | 26 |
| Payment of contingent consideration for prior period acquisitions | (16) | (4) | — |

| | | | |
|---|---|---|---|
| Payment for shares withheld for taxes and in treasury | (18) | (9) | (13) |
| Purchases of treasury stock | (23) | (276) | (498) |
| Net cash used in financing activities | (999) | (588) | (272) |
| Net (decrease) increase in cash and cash equivalents, excluding pledged cash related to secured trust deposits | (357) | 320 | 108 |
| Cash and cash equivalents, excluding pledged cash related to secured trust deposits, at beginning of year | 992 | 672 | 564 |
| Cash and cash equivalents, excluding pledged cash related to secured trust deposits, at end of year | $ 635 | $ 992 | $ 672 |

See Notes to Consolidated Financial Statements.

**FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## Note A. Business and Summary of Significant Accounting Policies

The following describes the business and significant accounting policies of Fidelity National Financial, Inc. and its subsidiaries (collectively, “we,” “us,” “our,” "the Company" or “FNF”) which have been followed in preparing the accompanying Consolidated Financial Statements.

***Description of Business***

We are a leading provider of (i) title insurance, escrow and other title-related services, including trust activities, trustee sales guarantees, recordings and reconveyances and home warranty products and (ii) technology and transaction services to the real estate and mortgage industries. FNF is the nation’s largest title insurance company operating through its title insurance underwriters - Fidelity National Title Insurance Company ("FNTIC"), Chicago Title Insurance Company ("Chicago Title"), Commonwealth Land Title Insurance Company ("Commonwealth Title"), Alamo Title Insurance and National Title Insurance of New York Inc. - which collectively issue more title insurance policies than any other title company in the United States. Through our subsidiary, ServiceLink Holdings, LLC ("ServiceLink"), we provide mortgage transaction services, including title-related services and facilitation of production and management of mortgage loans.

For information about our reportable segments, refer to Note R *Segment Information*.

***Recent Developments***

On November 30, 2017, FGL Holdings (formerly known as CF Corporation), a Cayman Islands exempted company, consummated its previously announced acquisition of Fidelity & Guaranty Life, a Delaware corporation (“FGL”), pursuant to the Agreement and Plan of Merger, dated as of May 24, 2017, as amended (the “Merger Agreement”), by and among CF Corporation, FGL, and certain subsidiaries of CF Corporation and FGL (collectively, the "FGL Merger"). In connection with the FGL Merger, FNF received 13,732,000 common shares and 100,000 Series B Cumulative Preferred ("FG Preferred") shares in exchange for an aggregate investment of $213 million. As of December 31, 2017 FNF owns 16,732,000 common shares, inclusive of 3,000,000 common shares of CF Corporation held prior to the FGL Merger, and 100,000 FG Preferred shares with an aggregate market value of $246 million and we own approximately 8.5% of the outstanding common equity of FGL. The Company’s non-executive Chairman, William P. Foley, II, is also the Co-Executive Chairman of FGL.

On November 17, 2017 we completed our previously announced split-off (the “FNFV Split-Off”) of our former wholly-owned subsidiary Cannae Holdings, Inc. (“Cannae”) which consisted of the businesses, assets and liabilities formerly attributed to our FNF Ventures ("FNFV") Group including Ceridian Holding, LLC, American Blue Ribbon Holdings, LLC and T-System Holding LLC. The FNFV Split-Off was accomplished by the Company's redemption (the “Redemption”) of all of the outstanding shares of FNFV Group common stock, par value $0.0001 per share (“FNFV common stock”) for outstanding shares of common stock of Cannae, par value $0.0001 per share (“Cannae common stock”), amounting to a redemption on a per share basis of each outstanding share of FNFV common stock for one share of Cannae common stock, as of November 17, 2017. As a result of the FNFV Split-Off, Cannae is a separate, publicly traded company (NYSE: CNNE). All of the Company’s core title insurance, real estate, technology and mortgage related businesses, assets and liabilities currently attributed to the Company’s FNF Group common stock that are not held by Cannae remain with the Company. As a result of the FNFV Split-Off, we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated Balance Sheet as of December 31, 2016. Further, the financial results of FNFV Group have been reclassified to discontinued operations for all periods presented in our Consolidated Statements of Earnings. See Note G. *Discontinued Operations* for further details of the results of FNFV Group.

On November 17, 2017, Frank P. Willey resigned from our Board of Directors.

On September 29, 2017 we completed our tax-free distribution, to FNF Group shareholders of all 83.3 million shares of New BKH Corp. ("New BKH") common stock that we previously owned (the “BK Distribution”). Immediately following the BK Distribution, New BKH and Black Knight Financial Services, Inc. ("Black Knight") engaged in a series of transactions resulting in the formation of a new publicly-traded holding company, Black Knight, Inc. ("New Black Knight"). Holders of FNF Group common stock received approximately 0.30663 shares of New Black Knight common stock for every one share of FNF Group common stock held at the close of business on September 20, 2017, the record date for the BK Distribution. New Black Knight's common stock is now listed under the symbol “BKI” on the New York Stock Exchange. The BK Distribution is expected to generally be tax-free to FNF Group shareholders for U.S. federal income tax purposes, except to the extent of any cash received in lieu of New Black Knight's fractional shares. As a result of the BK Distribution, we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated Balance Sheet as of December 31, 2016. Further, the financial results of Black Knight have been reclassified to discontinued operations for all periods presented in our Consolidated Statements of Earnings. See Note G. *Discontinued Operations* for further details of the results of Black Knight.

On August 31, 2017, we completed our acquisition of 90% of the membership interests of Title Guaranty of Hawaii ("Title Guaranty") for $98 million. Title Guaranty was previously an unaffiliated agent of Chicago Title and will continue to be closely aligned with Chicago Title as it formally becomes part of the FNF title company family. Founded in 1896, Title Guaranty is the oldest title company in the State of Hawaii and is a leading provider of title and escrow services, with more than 300 employees in branches across the State of Hawaii providing title insurance and real estate closing services. See Note B. *Acquisitions* for further discussion.

On May 3, 2017, our Board of Directors adopted a resolution to increase the size of our Board of Directors to thirteen and elected Heather H. Murren to serve on our Board of Directors. Ms. Murren will serve in Class I of our Board of Directors, and her term will expire at the annual meeting of our shareholders to be held in 2018. In January 2018, Ms. Murren was appointed to the Audit Committee of our Board.

Effective March 1, 2017, three of the Company’s title insurance underwriters, Fidelity National Title Insurance Company, Chicago Title Insurance Company and Commonwealth Land Title Insurance Company, redomesticated from their respective former states of domicile to Florida (the "Redomestication"). In conjunction with the Redomestication, the Company received a special dividend of $280 million from these title insurance underwriters on March 15, 2017.

***Principles of Consolidation and Basis of Presentation***

The accompanying Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and include our accounts as well as our wholly-owned and majority-owned subsidiaries. All intercompany profits, transactions and balances have been eliminated. Our investments in non-majority-owned partnerships and affiliates are accounted for using the equity method until such time that they become wholly or majority-owned. Earnings attributable to noncontrolling interests are recorded on the Consolidated Statements of Earnings relating to majority-owned subsidiaries with the appropriate noncontrolling interest that represents the portion of equity not related to our ownership interest recorded on the Consolidated Balance Sheets in each period.

***Investments***

Fixed maturity securities are purchased to support our investment strategies, which are developed based on factors including rate of return, maturity, credit risk, duration, tax considerations and regulatory requirements. Fixed maturity securities which may be sold prior to maturity to support our investment strategies are carried at fair value and are classified as available for sale as of the balance sheet dates. Fair values for fixed maturity securities are principally a function of current market conditions and are valued based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly. Discount or premium is recorded for the difference between the purchase price and the principal amount. The discount or premium is amortized or accrued using the interest method and is recorded as an adjustment to interest and investment income. The interest method results in the recognition of a constant rate of return on the investment equal to the prevailing rate at the time of purchase or at the time of subsequent adjustments of book value. Changes in prepayment assumptions are accounted for retrospectively.

Equity securities and preferred stocks held are considered to be available for sale and carried at fair value as of the balance sheet dates. Our equity securities and certain preferred stocks are Level 1 financial assets and fair values are based on quoted prices in active markets. Other preferred stock holdings are Level 2 financial assets and are valued based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly.

Investments in unconsolidated affiliates are recorded using the equity method of accounting.

Other long-term investments consist of various cost-method investments and company-owned life insurance policies. The cost-method investments are carried at historical cost. The carrying value of our cost-method investments is $78 million and $6 million, at December 31, 2017 and 2016, respectively. Company-owned life insurance policies are carried at cash surrender value.

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

Realized gains and losses on the sale of investments are determined on the basis of the cost of the specific investments sold and are credited or charged to income on a trade date basis. Unrealized gains or losses on securities which are classified as available for sale, net of applicable deferred income tax expenses (benefits), are excluded from earnings and credited or charged directly to a separate component of equity. If any unrealized losses on available for sale securities are determined to be other-than-temporary, such unrealized losses are recognized as realized losses. Unrealized losses are considered other-than-temporary if factors exist that cause us to believe that the value will not increase to a level sufficient to recover our cost basis. Some factors considered in evaluating whether or not a decline in fair value is other-than-temporary include: (i) our need and intent to sell the investment prior to a period of time sufficient to allow for a recovery in value; (ii) the duration and extent to which the fair value has been less than cost; and (iii) the financial condition and prospects of the issuer. Such reviews are inherently uncertain and the value of the investment may not fully recover or may decline in future periods resulting in a realized loss.

***Cash and Cash Equivalents***

Highly liquid instruments purchased as part of cash management with original maturities of three months or less are considered cash equivalents. The carrying amounts reported in the Consolidated Balance Sheets for these instruments approximate their fair value.

***Fair Value of Financial Instruments***

The fair values of financial instruments presented in the Consolidated Financial Statements are estimates of the fair values at a specific point in time using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and significant judgment in the interpretation of current market data. We do not necessarily intend to dispose of or liquidate such instruments prior to maturity.

***Trade and Notes Receivables***

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

***Goodwill***

Goodwill represents the excess of cost over fair value of identifiable net assets acquired and assumed in a business combination. Goodwill and other intangible assets with indefinite useful lives are reviewed for impairment annually or more frequently if circumstances indicate potential impairment, through a comparison of fair value to the carrying amount. In evaluating the recoverability of goodwill, we perform an annual goodwill impairment analysis based on a review of qualitative factors to determine if events and circumstances exist which will lead to a determination that the fair value of a reporting unit is greater than its carrying amount, prior to performing a full fair-value assessment.

We completed annual goodwill impairment analyses in the fourth quarter of each period presented using a September 30 measurement date and as a result no goodwill impairments have been recorded. For the years ended December 31, 2017 and 2016, we determined there were no events or circumstances which indicated that the carrying value exceeded the fair value.

***Other Intangible Assets***

We have other intangible assets, not including goodwill, which consist primarily of customer relationships and contracts, trademarks and tradenames, and computer software, which are generally recorded in connection with acquisitions at their fair value. Intangible assets with estimable lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In general, customer relationships are amortized over their estimated useful lives, generally 10 years, using an accelerated method which takes into consideration expected customer attrition rates. Contractual relationships are generally amortized over their contractual life. Trademarks and tradenames are generally amortized over 10 years. Capitalized software includes the fair value of software acquired in business combinations, purchased software and capitalized software development costs. Purchased software is recorded at cost and amortized using the straight-line method over its estimated useful life. Software acquired in business combinations is recorded at its fair value and amortized using straight-line or accelerated methods over its estimated useful life, ranging from 5 to 10 years. For internal-use computer software products, internal and external costs incurred during the preliminary project stage are expensed as they are incurred. Internal and external costs incurred during the application development stage are capitalized and amortized on a product by product basis commencing on the date the software is ready for its intended use. We do not capitalize any costs once the software is ready for its intended use.

We recorded $1 million in impairment expense to other intangible assets during the years ended December 31, 2017 and 2016. The impairment in 2017 was for computer software at ServiceLink. The impairment in 2016 was for customer relationships and tradenames at our real estate subsidiaries in our Corporate and Other segment. We recorded no impairment expense related to other intangible assets in the year ended December 31, 2015.

***Title Plants***

Title plants are recorded at the cost incurred to construct or obtain and organize historical title information to the point it can be used to perform title searches. Costs incurred to maintain, update and operate title plants are expensed as incurred. Title plants are not amortized as they are considered to have an indefinite life if maintained. Sales of title plants are reported at the amount received net of the adjusted costs of the title plant sold. Sales of title plant copies are reported at the amount received. No cost is allocated to the sale of copies of title plants unless the carrying value of the title plant is diminished or impaired. Title plants are reviewed for impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable. We reviewed title plants for impairment but recorded no impairment expense related to title plants in the years ended December 31, 2017 or 2016. We reviewed title plants for impairment in the year ended December 31, 2015 and identified and recorded impairment expense of $1 million.

***Property and Equipment***

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is computed primarily using the straight-line method based on the estimated useful lives of the related assets: twenty to thirty years for buildings and three to twenty-five years for furniture, fixtures and equipment. Leasehold improvements are amortized on a straight-line basis over the lesser of the term of the applicable lease or the estimated useful lives of such assets. Property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying amounts may not be recoverable.

***Reserve for Title Claim Losses***

Our reserve for title claim losses includes known claims as well as losses we expect to incur, net of recoupments. Each known claim is reserved based on our review as to the estimated amount of the claim and the costs required to settle the claim. Reserves for claims which are incurred but not reported are established at the time premium revenue is recognized based on historical loss experience and also take into consideration other factors, including industry trends, claim loss history, current legal environment, geographic considerations and the type of policy written.

The reserve for title claim losses also includes reserves for losses arising from closing and disbursement functions due to fraud or operational error.

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

***Secured Trust Deposits***

In the state of Illinois, a trust company is permitted to commingle and invest customers’ assets with its own assets, pending completion of real estate transactions. Accordingly, our Consolidated Balance Sheets reflect a secured trust deposit liability of $830 million and $860 million at December 31, 2017 and 2016, respectively, representing customers’ assets held by us and corresponding assets including cash and investments pledged as security for those trust balances.

***Income Taxes***

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

***Reinsurance***

In a limited number of situations, we limit our maximum loss exposure by reinsuring certain risks with other insurers. We also earn a small amount of additional income, which is reflected in our direct premiums, by assuming reinsurance for certain risks of other insurers. We cede a portion of certain policy and other liabilities under agent fidelity, excess of loss and case-by-case reinsurance agreements. Reinsurance agreements provide that in the event of a loss (including costs, attorneys’ fees and expenses) exceeding the retained amounts, the reinsurer is liable for the excess amount assumed. However, the ceding company remains primarily liable in the event the reinsurer does not meet its contractual obligations.

***Revenue Recognition***

*Title.* Our direct title insurance premiums and escrow, title-related and other fees are recognized as revenue at the time of closing of the related transaction as the earnings process is then considered complete.

Premium revenues from agency operations and agency commissions include an accrual based on estimates using historical information of the volume of transactions that have closed in a particular period for which premiums have not yet been reported to us. The accrual for agency premiums is necessary because of the lag between the closing of these transactions and the reporting of these policies to us by the agent. Historically, the time lag between the closing of these transactions by our agents and the reporting of these policies, or premiums, to us has been up to 15 months, with 84 - 88% reported within three months following closing, an additional 9 - 12% reported within the next three months and the remainder within seven to fifteen months. In addition to accruing these earned but unreported agency premiums, we also accrue agent commission expense, which was 76.7%, of agent premiums earned in 2017, 76.1% of agent premiums earned in 2016, and 76.0% of agent premiums earned in 2015. We also record a provision for claim losses at the provision rate at the time we record the accrual for the premiums, which averaged 4.9% for 2017, 5.4%, excluding the release of excess reserves relating to prior years of $97 million, for 2016, and 5.7% for 2015 and accruals for premium taxes and other expenses relating to our premium accrual. The resulting impact to pretax earnings in any period is approximately 11% or less of the accrued premium amount. The impact of the change in the accrual for agency premiums and related expenses on our pretax earnings was an increase of $1 million for the year ended December 31, 2017, an increase of $4 million for the year ended 2016 and a decrease of $5 million for the year ended 2015. The amount due from our agents relating to this accrual, i.e., the agent premium less their contractual retained commission, was approximately $55 million and $53 million at December 31, 2017 and 2016, respectively, which represents agency premiums of approximately $280 million and $267 million at December 31, 2017 and 2016, respectively, and agent commissions of $225 million and $214 million at December 31, 2017 and 2016, respectively.

Revenues from home warranty products are recognized over the life of the policy, which is one year. The unrecognized portion is recorded as deferred revenue in accounts payable and other accrued liabilities in the Consolidated Balance Sheets.

***Comprehensive Earnings (Loss)***

We report Comprehensive earnings (loss) in accordance with GAAP on the Consolidated Statements of Comprehensive Earnings. Total comprehensive earnings are defined as all changes in shareholders' equity during a period, other than those resulting from investments by and distributions to shareholders. While total comprehensive earnings is the activity in a period and is largely driven by net earnings in that period, accumulated other comprehensive earnings or loss represents the cumulative balance of other comprehensive earnings, net of tax, as of the balance sheet date. Amounts reclassified to net earnings relate to the realized gains (losses) on our investments and other financial instruments, excluding investments in unconsolidated affiliates, and are included in Realized gains and losses, net on the Consolidated Statements of Earnings.

Changes in the balance of Other comprehensive earnings (loss) by component are as follows:

| | Unrealized gain on investments and other financial instruments, net (excluding investments in unconsolidated affiliates) | Unrealized (loss) gain relating to investments in unconsolidated affiliates | Unrealized (loss) gain on foreign currency translation and cash flow hedging | Minimum pension liability adjustment | Total Accumulated Other Comprehensive (Loss) Earnings |
|---|---|---|---|---|---|
| | (In millions) | | | | |
| Balance December 31, 2015 | 48 | (78) | (15) | (24) | (69) |
| Other comprehensive earnings | 38 | 10 | 2 | 6 | 56 |
| Balance December 31, 2016 | 86 | (68) | (13) | (18) | (13) |
| Other comprehensive earnings | 25 | 12 | 6 | 9 | 52 |
| Reclassification adjustments | 3 | — | — | — | 3 |
| Distribution of FNFV to Cannae Holdings | 2 | 67 | — | — | 69 |
| Balance December 31, 2017 | $ 116 | $ 11 | $ (7) | $ (9) | $ 111 |

***Redeemable Non-controlling Interest***

Subsequent to our acquisition of Lender Processing Services, Inc. ("LPS") in January 2014, we issued a 35% ownership interest in ServiceLink to funds affiliated with Thomas H. Lee Partners ("THL" or "the minority interest holder"). THL has an option to put its ownership interests of ServiceLink to us if no public offering of the corresponding business was consummated after four years from the date of FNF's purchase of LPS. The units owned by THL (the "redeemable noncontrolling interests") may be settled in cash or common stock of FNF or a combination of both at our election. As of January 2018, no public offering was made and the redeemable noncontrolling interests were no longer subject to a holding requirement. The redeemable noncontrolling interests will be settled at the current fair value at the time we receive notice of THL's put election as determined by the parties or by a third party appraisal under the terms of the Unit Purchase Agreement. As a result of a recapitalization of ServiceLink in 2015, the ownership interest by the minority interest holder was reduced from 35% to 21%. As of December 31, 2017, we do not believe the exercise of their remaining put right in ServiceLink to be probable.

As these redeemable noncontrolling interests provide for redemption features not solely within our control, we classify the redeemable noncontrolling interests outside of permanent equity. Redeemable noncontrolling interests held by third parties in subsidiaries owned or controlled by FNF is reported on the Consolidated Balance Sheet outside permanent of equity; and the Consolidated Statement of Earnings reflects the respective redeemable noncontrolling interests in Net earnings (loss) attributable to non-controlling interests, the effect of which is removed from the net earnings attributable to Fidelity National Financial, Inc. common shareholders.

***Earnings Per Share***

Basic earnings per share, as presented on the Consolidated Statement of Earnings, is computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. In periods when earnings are positive, diluted earnings per share is calculated by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding plus the impact of assumed conversions of potentially dilutive securities. For periods when we recognize a net loss, diluted earnings per share is equal to basic earnings per share as the impact of assumed conversions of potentially dilutive securities is considered to be antidilutive. We have granted certain stock options, shares of restricted stock, convertible debt instruments and certain other convertible share based payments which have been treated as common share equivalents for purposes of calculating diluted earnings per share for periods in which positive earnings have been reported.

Options or other instruments which provide the ability to purchase shares of our common stock that are antidilutive are excluded from the computation of diluted earnings per share. For the year ended December 31, 2017, no antidilutive options were outstanding. For the year ended December 31, 2016 and 2015, options to purchase two million shares and one million shares, respectively, of our common stock were excluded from the computation of diluted earnings per share.

Basic and diluted earnings per share attributable to our former FNFV group common stock for the 2017 period were calculated using weighted average shares outstanding through the date of the FNFV Split-off, November 17, 2017.

***Stock-Based Compensation Plans***

We account for stock-based compensation plans using the fair value method. Using the fair value method of accounting, compensation cost is measured based on the fair value of the award at the grant date, using the Black-Scholes Model, and recognized over the service period.

***Management Estimates***

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

***Certain Reclassifications***

Certain reclassifications have been made in the 2016 and 2015 Consolidated Financial Statements to conform to classifications used in 2017. These reclassifications have not changed net earnings or total equity, as previously reported.

See Note G. *Discontinued Operations* for further information on reclassifications related to disposed businesses.

As of December 31, 2017, we have reclassified our Computer software to Other intangible assets, net. The impact for the Consolidated Balance Sheet as of December 31, 2016 was a decrease to Computer software and corresponding increase to Other intangible assets, net of $114 million. See Note H. *Other Intangible Assets* for further details.

## Note B. Acquisitions

The results of operations and financial position of the entities acquired during any year are included in the Consolidated Financial Statements from and after the date of acquisition.

***Title***

*Title Guaranty of Hawaii*

On August 31, 2017, FNF Group completed its acquisition of 90% of the membership interest of Title Guaranty of Hawaii ("Title Guaranty") for $98 million. Title Guaranty was previously an unaffiliated agent and will continue to be closely aligned with Chicago Title as it formally becomes part of the FNF title company family. Founded in 1896, Title Guaranty is the oldest title company in the State of Hawaii and is a leading provider of title and escrow services, with more than 300 employees in branches across the State of Hawaii providing title insurance and real estate closing services. The acquisition does not meet the definition of "significant" pursuant to Article 3 of Regulation S-X (§210.3-05). Further, the results of operations are not material to our historical financial statements.

We paid total consideration, net of cash received, of $93 million in exchange for 90% of the equity interests of Title Guaranty. The total cash consideration paid was as follows (in millions):

| | |
|---|---|
| Total cash paid | $ 98 |
| Less: Cash acquired | (5) |
| Total net consideration paid | $ 93 |

The purchase price has been initially allocated to Title Guaranty's assets acquired and liabilities assumed based on our best estimates of their fair values as of the acquisition date. Goodwill has been recorded based on the amount that the purchase price exceeds the fair value of the net assets acquired. The goodwill recorded is expected to be deductible for tax purposes. These estimates are preliminary and subject to adjustments as we complete our valuation process with respect to Title plant, Goodwill, and Other intangible assets.

The following table summarizes the total purchase price consideration and the preliminary fair value amounts recognized for the assets acquired and liabilities assumed as of the acquisition date (in millions):

| | Fair Value |
|---|---|
| Accounts receivable | $ 1 |
| Property and equipment | 4 |
| Other intangible assets | 60 |
| Goodwill | 40 |
| Title plant | 3 |
| Prepaid expenses and other | 1 |
| Total assets acquired | 109 |
| Accounts payable and accrued liabilities | 5 |
| Total liabilities assumed | 5 |
| Non-controlling interests assumed | 11 |
| Total liabilities and equity assumed | 16 |
| Net assets acquired | $ 93 |

The gross carrying value and weighted average estimated useful lives of Property and equipment and Other intangible assets acquired in the Title Guaranty acquisition consist of the following (dollars in millions):

| | Gross Carrying Value | Weighted Average Estimated Useful Life (in years) |
|---|---|---|
| Property and equipment | $ 4 | 5 |
| Other intangible assets: | | |
| Customer relationships | 52 | 10 |
| Trade name | 7 | 10 |
| Non-compete agreements | 1 | 5 |
| Total Other intangible assets | 60 | |
| Total | $ 64 | |

*Other Title Acquisitions*

During the year ended December 31, 2016, we completed several acquisitions of businesses (the "Title Acquisitions") aligned with our Title segment. The Title Acquisitions do not meet the definition of "significant", individually or in the aggregate, pursuant to Article 3 of Regulation S-X (§210.3-05). Further, their historical results of operations are not material to our financial statements.

We paid total consideration, net of cash received, of $89 million in exchange for the assets and/or equity interests of the Title Acquisitions. The total consideration paid was as follows (in millions):

| | |
|---|---|
| Cash paid | $ 92 |
| Less: Cash acquired | (3) |
| Total net consideration paid | $ 89 |

The purchase price has been allocated to the Title Acquisitions' assets acquired and liabilities assumed based on our best estimates of their fair values as of the acquisition date. Goodwill has been recorded based on the amount that the purchase price exceeds the fair value of the net assets acquired.

The following table summarizes the total purchase price consideration and the preliminary fair value amounts recognized for the assets acquired and liabilities assumed for the Title Acquisitions as of the acquisition date (in millions):

| | Fair Value |
|---|---|
| Trade and notes receivable | $ 5 |
| Other intangible assets | 68 |
| Goodwill | 48 |
| Prepaid expenses and other assets | 1 |
| Title plant | 2 |
| Property and equipment, net | 3 |
| Total assets acquired | 127 |
| Accounts payable and accrued liabilities | 30 |
| Deferred tax liability | 8 |
| Total liabilities assumed | 38 |
| Net assets acquired | $ 89 |

The gross carrying value and weighted average estimated useful lives of Computer software and Other intangible assets acquired in the Title Acquisitions consist of the following (dollars in millions):

| | Gross Carrying Value | Weighted Average Estimated Useful Life (in years) |
|---|---|---|
| Other intangible assets: | | |
| Customer relationships | $ 57 | 10 |
| Trade name | 6 | 10 |
| Non-compete agreements | 1 | 5 |
| Computer software | 2 | 3 |
| Other | 2 | 1 |
| Total Other intangible assets | $ 68 | |

***Corporate and Other***

*Real Geeks and SkySlope*

During the year ended December 31, 2017, CINC and FNF completed their acquisitions of Real Geeks, LLC ("RG") and SkySlope, Inc. ("SS"), respectively (together, the "Real Estate Technology Acquisitions"). The Real Estate Technology Acquisitions were made to supplement our Commissions, Inc. ("CINC") business. The Real Estate Technology Acquisitions do not meet the definition of "significant", individually or in the aggregate, pursuant to Article 3 of Regulation S-X (§210.3-05). Further, their historical results of operations are not material to our financial statements.

CINC and FNF paid total aggregate consideration, net of cash received, of $98 million in exchange for 100% and 67% of the equity interests of RG and SS, respectively. The total consideration paid was as follows (in millions):

| | |
|---|---|
| Total purchase price | $ 101 |
| Less: Cash acquired | (3) |
| Total net assets acquired | 98 |
| Less: Contingent consideration payable | (16) |
| Total net cash paid | $ 82 |

The purchase price has been allocated to the Real Estate Technology Acquisitions' assets acquired and liabilities assumed based on our best estimates of their fair values as of the acquisition date. Goodwill has been recorded based on the amount that the purchase price exceeds the fair value of the net assets acquired. $37 million of the goodwill recorded is expected to be deductible for tax purposes. These estimates are preliminary and subject to adjustments as we complete our valuation process with respect to Goodwill and Other intangible assets.

The following table summarizes the total purchase price consideration and the preliminary fair value amounts recognized for the assets acquired and liabilities assumed for the Real Estate Technology Acquisitions as of the acquisition date (in millions):

| | **Fair Value** |
|---|---|
| Other intangible assets | $ 38 |
| Goodwill | 92 |
| Property and equipment, net | 1 |
| Total assets acquired | 131 |
| Accounts payable and accrued liabilities | 1 |
| Deferred tax liability | 9 |
| Total liabilities assumed | 10 |
| Non-controlling interests | 23 |
| Total liabilities and equity assumed | 33 |
| Net assets acquired | $ 98 |

The gross carrying value and weighted average estimated useful lives of the Other intangible assets acquired in the Real Estate Technology Acquisitions consist of the following (dollars in millions):

| | **Gross Carrying Value** | **Weighted Average Estimated Useful Life (in years)** |
|---|---|---|
| Property and equipment, net | $ 1 | 1 - 5 |
| Other intangible assets: | | |
| Customer relationships | 14 | 10 |
| Trade name | 5 | 10 |
| Non-compete agreements | 2 | 5 |
| Computer software | 17 | 7 |
| Total Other intangible assets | $ 38 | |

*Commissions, Inc.*

On August 23, 2016, we completed our acquisition of CINC, a leading provider of web-based real estate marketing and customer relationship management software for elite Realtors® and agent teams across North America, for $229 million. CINC’s product offerings include software, marketing and services designed to enhance the productivity and sales results of elite Realtors® and agent teams through lead generation and proactive lead management. CINC's financial position and results of operations from the acquisition date are included in our Corporate and Other segment. The acquisition does not meet the definition of "significant" pursuant to Article 3 of Regulation S-X (§210.3-05). Further, the results of operations are not material to our historical financial statements.

We paid total consideration, net of cash received, of $229 million in exchange for 95% of the equity interests of CINC. The total consideration paid was as follows (in millions):

| | |
|---|---|
| Cash paid | $ 240 |
| Less: Cash Acquired | (11) |
| Total net consideration paid | $ 229 |

The purchase price has been initially allocated to CINC's assets acquired and liabilities assumed based on our best estimates of their fair values as of the acquisition date. Goodwill has been recorded based on the amount that the purchase price exceeds the fair value of the net assets acquired.

The following table summarizes the total purchase price consideration and the preliminary fair value amounts recognized for the assets acquired and liabilities assumed as of the acquisition date (in millions):

| | Fair Value |
|---|---|
| Trade and notes receivable, net | $ 1 |
| Prepaid and other assets | 2 |
| Other intangible assets | 90 |
| Goodwill | 165 |
| Income taxes receivable | 2 |
| Total assets acquired | 260 |
| Accounts payable and accrued liabilities | 7 |
| Deferred tax liability | 12 |
| Total liabilities assumed | 19 |
| Non-controlling interests | 12 |
| Total liabilities and equity assumed | 31 |
| Net assets acquired | $ 229 |

The gross carrying value and weighted average estimated useful lives of Computer software and Other intangible assets acquired in the CINC acquisition consist of the following (dollars in millions):

| | Gross Carrying Value | Weighted Average Estimated Useful Life (in years) |
|---|---|---|
| Other intangible assets: | | |
| Customer relationships | $ 46 | 10 |
| Tradename | 13 | 10 |
| Computer software | 28 | 7 |
| Non-compete agreements | 3 | 4 |
| Total Other intangible assets | $ 90 | |

For comparative purposes, selected unaudited pro-forma consolidated results of operations of FNF for the years ended December 31, 2016 and 2015 are presented below. Pro-forma results presented assume the consolidation of CINC occurred as of the beginning of the 2015 period. Amounts reflect our 95% ownership interest in CINC and are adjusted to exclude costs directly attributable to the acquisition of CINC, including transaction costs.

| | Year ended December 31, | |
|---|---|---|
| | 2016 | 2015 |
| Total revenues | $ 7,285 | $ 6,695 |
| Net earnings attributable to Fidelity National Financial, Inc. common shareholders | 653 | 529 |

## Note C. Fair Value Measurements

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

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

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

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

The following table presents our fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2017 and 2016, respectively:

| | December 31, 2017 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (In millions) | | | |
| Assets: | | | | |
| Fixed-maturity securities available for sale: | | | | |
| U.S. government and agencies | $ — | $ 195 | $ — | $ 195 |
| State and political subdivisions | — | 391 | — | 391 |
| Corporate debt securities | — | 1,117 | — | 1,117 |
| Foreign government bonds | — | 57 | — | 57 |
| Mortgage-backed/asset-backed securities | — | 56 | — | 56 |
| Preferred stock available for sale | 23 | 296 | — | 319 |
| Equity securities available for sale | 681 | — | — | 681 |
| Total | $ 704 | $ 2,112 | $ — | $ 2,816 |

| | December 31, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | (In millions) | | | |
| Fixed-maturity securities available for sale: | | | | |
| U.S. government and agencies | $ — | $ 117 | $ — | $ 117 |
| State and political subdivisions | — | 615 | — | 615 |
| Corporate debt securities | — | 1,508 | — | 1,508 |
| Foreign government bonds | — | 109 | — | 109 |
| Mortgage-backed/asset-backed securities | — | 58 | — | 58 |
| Preferred stock available for sale | 32 | 283 | — | 315 |
| Equity securities available for sale | 386 | — | — | 386 |
| Total | $ 418 | $ 2,690 | $ — | $ 3,108 |

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

- U.S. government and agencies: These securities are valued based on data obtained for similar securities in active markets and from inter-dealer brokers.
- State and political subdivisions: These securities are valued based on data obtained for similar securities in active markets and from inter-dealer brokers. Factors considered include relevant trade information, dealer quotes and other relevant market data.
- Corporate debt securities: These securities are valued based on dealer quotes and related market trading activity. Factors considered include the bond's yield, its terms and conditions, or any other feature which may influence its risk and thus marketability, as well as relative credit information and relevant sector news.
- Foreign government bonds: These securities are valued based on a discounted cash flow model incorporating observable market inputs such as available broker quotes and yields of comparable securities.
- Mortgage-backed/asset-backed securities: These securities are comprised of commercial mortgage-backed securities, agency mortgage-backed securities, collateralized mortgage obligations, and asset-backed securities. They are valued based on available trade information, dealer quotes, cash flows, relevant indices and market data for similar assets in active markets.
- Preferred stock: Preferred stocks are valued by calculating the appropriate spread over a comparable US Treasury security. Inputs include benchmark quotes and other relevant market data.

As of December 31, 2017 and 2016 we held no material assets or liabilities measured at fair value using Level 3 inputs.

There were no transfers of assets or liabilities measured at fair value using Level 1 inputs to Level 2 in the years ended December 31, 2017 or 2016.

The carrying amounts of short-term investments, accounts receivable and notes receivable approximate fair value due to their short-term nature. The fair value of our notes payable is included in Note J *Notes Payable*.

Additional information regarding the fair value of our investment portfolio is included in Note D *Investments*.

## Note D. Investments

The carrying amounts and fair values of our available for sale securities at December 31, 2017 and 2016 are as follows:

| | December 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Cost Basis | Unrealized Gains | Unrealized Losses | Fair Value |
| | (In millions) | | | | |
| Fixed maturity investments available for sale: | | | | | |
| U.S. government and agencies | $ 195 | $ 196 | $ — | $ (1) | $ 195 |
| States and political subdivisions | 391 | 387 | 4 | — | 391 |
| Corporate debt securities | 1,117 | 1,110 | 11 | (4) | 1,117 |
| Foreign government bonds | 57 | 58 | 1 | (2) | 57 |
| Mortgage-backed/asset-backed securities | 56 | 55 | 1 | — | 56 |
| Preferred stock available for sale | 319 | 307 | 12 | — | 319 |
| Equity securities available for sale | 681 | 517 | 172 | (8) | 681 |
| Total | $ 2,816 | $ 2,630 | $ 201 | $ (15) | $ 2,816 |

| | December 31, 2016 | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Cost Basis | Unrealized Gains | Unrealized Losses | Fair Value |
| | (In millions) | | | | |
| Fixed maturity investments available for sale: | | | | | |
| U.S. government and agencies | $ 117 | $ 117 | $ — | $ — | $ 117 |
| States and political subdivisions | 615 | 607 | 9 | (1) | 615 |
| Corporate debt securities | 1,508 | 1,499 | 15 | (6) | 1,508 |
| Foreign government bonds | 109 | 117 | — | (8) | 109 |
| Mortgage-backed/asset-backed securities | 58 | 56 | 2 | — | 58 |
| Preferred stock available for sale | 315 | 312 | 6 | (3) | 315 |
| Equity securities available for sale | 386 | 278 | 108 | — | 386 |
| Total | $ 3,108 | $ 2,986 | $ 140 | $ (18) | $ 3,108 |

The cost basis of fixed maturity securities available for sale includes an adjustment for amortized premium or discount since the date of purchase.

The change in net unrealized gains and (losses) on fixed maturities for the years ended December 31, 2017, 2016, and 2015 was $(1) million, $13 million, and $(64) million, respectively.

The following table presents certain information regarding contractual maturities of our fixed maturity securities at December 31, 2017:

| | December 31, 2017 | | | |
|---|---|---|---|---|
| **Maturity** | Amortized Cost | % of Total | Fair Value | % of Total |
| | (Dollars in millions) | | | |
| One year or less | $ 496 | 27.5% | $ 496 | 27.3% |
| After one year through five years | 1,219 | 67.5 | 1,227 | 67.5 |
| After five years through ten years | 31 | 1.7 | 32 | 1.8 |
| After ten years | 5 | 0.3 | 5 | 0.3 |
| Mortgage-backed/asset-backed securities | 55 | 3.0 | 56 | 3.1 |
| | $ 1,806 | 100.0% | $ 1,816 | 100.0% |

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Because of the potential for prepayment on mortgage-backed and asset-backed securities, they are not categorized by contractual maturity.

Fixed maturity securities valued at approximately $128 million and $123 million were on deposit with various governmental authorities at December 31, 2017 and 2016, respectively, as required by law.

Equity securities are carried at fair value. The change in net unrealized gains and losses on equity securities for the years ended December 31, 2017, 2016 and 2015 was a net increase (decrease) of $56 million, $39 million, and $(4) million, respectively.

Net unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2017 and 2016 are as follows (in millions):

***December 31, 2017***

| | Less than 12 Months | | 12 Months or Longer | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| Corporate debt securities | $ 464 | $ (3) | $ 51 | $ (1) | $ 515 | $ (4) |
| U.S. government and agencies | 149 | (1) | — | — | 149 | (1) |
| Foreign government bonds | — | — | 10 | (2) | 10 | (2) |
| Equity securities available for sale | 121 | (7) | 5 | (1) | 126 | (8) |
| Total temporarily impaired securities | $ 734 | $ (11) | $ 66 | $ (4) | $ 800 | $ (15) |

***December 31, 2016***

| | Less than 12 Months | | 12 Months or Longer | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| States and political subdivisions | $ 107 | $ (1) | $ — | $ — | $ 107 | $ (1) |
| Corporate debt securities | 410 | (4) | 11 | (2) | 421 | (6) |
| Foreign government bonds | 85 | (4) | 20 | (4) | 105 | (8) |
| Preferred stock available for sale | 55 | (2) | 42 | (1) | 97 | (3) |
| Total temporarily impaired securities | $ 657 | $ (11) | $ 73 | $ (7) | $ 730 | $ (18) |

The unrealized losses for the corporate debt securities and U.S. government bonds were primarily caused by fluctuations in interest rates. The unrealized losses for the foreign government bonds were primarily caused by foreign exchange fluctuations. We consider the unrealized losses related to these securities to be temporary rather than changes in credit quality. We expect to recover the entire amortized cost basis of our temporarily impaired fixed maturity securities as we do not intend to sell these securities and we do not believe that we will be required to sell the fixed maturity securities before recovery of the cost basis. For these reasons, we do not consider these securities other-than-temporarily impaired at December 31, 2017. It is reasonably possible that declines in fair value below cost not considered other-than-temporary in the current period could be considered to be other-than-temporary in a future period and earnings would be reduced to the extent of the impairment.

The unrealized losses for the equity securities available for sale were primarily caused by market volatility in certain investees and market sectors. We expect to recover the entire cost basis of our temporarily impaired equity securities available for sale as we do not intend to sell these securities and we do not believe that we will be required to sell the securities before recovery of the cost basis. For these reasons, we do not consider these securities other-than-temporarily impaired at December 31, 2017. It is reasonably possible that declines in fair value below cost not considered other-than-temporary in the current period could be considered to be other-than-temporary in a future period and earnings would be reduced to the extent of the impairment.

During the years ended December 31, 2017, 2016 and 2015 we incurred impairment charges relating to investments that were determined to be other-than-temporarily impaired, which resulted in impairment charges of $1 million, $19 million and $14 million, respectively. The impairment charges in 2017 related to a fixed maturity security of an investee entering Chapter 11 bankruptcy which has exhibited a decreasing fair market value and from which we are uncertain of our ability to recover our initial investment.The impairment charges in 2016 related to fixed maturity securities of $13 million, an investment in an unconsolidated affiliate of $3 million, and an other long term investment of $3 million. In each case, we determined the credit risk of the holdings was high and the ability to recover our investment was unlikely. Impairment charges in the 2015 period was for a fixed maturity security that we determined the credit risk was high and the ability of the issuer to pay the full amount of the principal outstanding was unlikely.

As of December 31, 2017, we held no securities for which other-than-temporary impairments had been previously recognized. As of December 31, 2016, we held $7 million investments for which an other-than-temporary impairment had been previously recognized. It is possible that future events may lead us to recognize potential future impairment losses related to our investment portfolio and that unanticipated future events may lead us to dispose of certain investment holdings and recognize the effects of any market movements in our consolidated financial statements.

The following table presents realized gains and losses on investments and other assets and proceeds from the sale or maturity of investments and other assets for the years ended December 31, 2017, 2016, and 2015, respectively:

| | Year ended December 31, 2017 | | | |
|---|---|---|---|---|
| | Gross Realized Gains | Gross Realized Losses | Net Realized Gains (Losses) | Gross Proceeds from Sale/Maturity |
| | (In millions) | | | |
| Fixed maturity securities available for sale | $ 7 | $ (8) | $ (1) | $ 968 |
| Preferred stock available for sale | — | — | — | 10 |
| Other long-term investments | | | 9 | 21 |
| Loss on debt conversions | | | (6) | — |
| Property, plant and equipment | | | 2 | 4 |
| Other intangible assets | | | (1) | — |
| Other realized gains and losses, net | | | (1) | — |
| Total | | | $ 2 | $ 1,003 |

| | Year ended December 31, 2016 | | | |
|---|---|---|---|---|
| | Gross Realized Gains | Gross Realized Losses | Net Realized Gains (Losses) | Gross Proceeds from Sale/Maturity |
| | (In millions) | | | |
| Fixed maturity securities available for sale | $ 4 | $ (16) | $ (12) | $ 624 |
| Preferred stock available for sale | 1 | — | 1 | 9 |
| Equity securities available for sale | 11 | (1) | 10 | 50 |
| Investments in unconsolidated affiliates | | | (3) | — |
| Other intangible assets | | | (1) | — |
| Other assets | | | (3) | 6 |
| Total | | | $ (8) | $ 689 |

| | Year ended December 31, 2015 | | | |
|---|---|---|---|---|
| | Gross Realized Gains | Gross Realized Losses | Net Realized Gains (Losses) | Gross Proceeds from Sale/Maturity |
| | (In millions) | | | |
| Fixed maturity securities available for sale | $ 14 | $ (17) | $ (3) | $ 1,076 |
| Preferred stock available for sale | 1 | — | 1 | 58 |
| Equity securities available for sale | 13 | (11) | 2 | 51 |
| Other assets | | | 11 | — |
| Total | | | $ 11 | $ 1,185 |

Interest and investment income consists of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (In millions) | | |
| Cash and cash equivalents | $ 3 | $ — | $ — |
| Fixed maturity securities available for sale | 61 | 76 | 82 |
| Equity securities and preferred stock available for sale | 28 | 28 | 24 |
| Short-term investments | 4 | 2 | — |
| Other | 35 | 20 | 15 |
| Total | $ 131 | $ 126 | $ 121 |

**Note E. Property and Equipment**

Property and equipment consists of the following:

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (In millions) | |
| Land | $ 22 | $ 23 |
| Buildings | 111 | 108 |
| Leasehold improvements | 92 | 89 |
| Data processing equipment | 156 | 159 |
| Furniture, fixtures and equipment | 224 | 225 |
| | 605 | 604 |
| Accumulated depreciation and amortization | (412) | (412) |
| | $ 193 | $ 192 |

Depreciation expense on property and equipment was $48 million, $45 million, and $42 million for the years ended December 31, 2017, 2016, and 2015, respectively.

**Note F. Goodwill**

Goodwill consists of the following:

| | Title | Corporate and Other | Total |
|---|---|---|---|
| | (In millions) | | |
| Balance, December 31, 2015 | $ 2,303 | $ 45 | $ 2,348 |
| Goodwill acquired during the year (1) | 48 | 170 | 218 |
| Adjustments to prior year acquisitions | (6) | (5) | (11) |
| Balance, December 31, 2016 | $ 2,345 | $ 210 | $ 2,555 |
| Goodwill acquired during the year (1) | 84 | 104 | 188 |
| Adjustments to prior year acquisitions | 3 | — | 3 |
| Balance, December 31, 2017 | $ 2,432 | $ 314 | $ 2,746 |

(1) See Note B *Acquisitions* for further discussion of significant goodwill acquired.

**Note G. Discontinued Operations**

***Black Knight***

As a result of the BK Distribution, we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated Balance Sheet as of December 31, 2016. Further, the financial results of Black Knight have been reclassified to discontinued operations for all periods presented in our Consolidated Statements of Earnings. We retained no ownership in Black Knight.

We have various agreements with Black Knight to provide technology, data and analytics services, as well as corporate shared services and information technology. We are also a party to certain other agreements under which we incur other expenses or receive revenues from Black Knight. We expect to continue utilizing Black Knight to provide technology and data and analytics services for the foreseeable future. Subsequent to the BK Distribution, Black Knight is considered a related party for FNF. The cash inflows and outflows from and to Black Knight as well as revenues and expenses included in continuing operations subsequent to September 29, 2017, the date of the BK Distribution, which were previously eliminated in our consolidated financial statements as intra-entity transactions, are not material to our results of operations for the year ended December 31, 2017.

A summary of the operations of Black Knight included in discontinued operations is shown below:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Revenues: | | (in millions) | |
| Escrow, title-related and other fees | $ 745 | $ 963 | $ 874 |
| Realized gains and losses, net | (13) | — | (5) |
| Total revenues | 732 | 963 | 869 |
| Expenses: | | | |
| Personnel costs | 292 | 393 | 377 |
| Other operating expenses | 145 | 190 | 156 |
| Depreciation and amortization | 154 | 208 | 195 |
| Interest expense | 42 | 62 | 49 |
| Total expenses | 633 | 853 | 777 |
| Earnings from discontinued operations before income taxes | 99 | 110 | 92 |
| Income tax expense | 40 | 36 | 35 |
| Net earnings from discontinued operations | 59 | 74 | 57 |
| Less: Net earnings attributable to non-controlling interests | 36 | 47 | 28 |
| Net earnings attributable to Fidelity National Financial, Inc. common shareholders | $ 23 | $ 27 | $ 29 |
| | | | |
| Cash flow from discontinued operations data: | | | |
| Net cash provided by operations | $ 240 | $ 326 | $ 248 |
| Net cash used in investing activities | (46) | (230) | (103) |

A summary of the financial position of Black Knight included as assets and liabilities of discontinued operations is shown below:

| | December 31, 2016 |
|---|---|
| | (in millions) |
| Cash and cash equivalents | $ 130 |
| Short term investments | 4 |
| Trade and notes receivable | 157 |
| Goodwill | 2,304 |
| Prepaid expenses and other assets | 184 |
| Capitalized software, net | 450 |
| Other intangible assets, net | 359 |
| Property and equipment, net | 173 |
| Total assets of discontinued operations | $ 3,761 |
| | |
| Accounts payable and accrued liabilities | $ 287 |
| Notes payable | 1,526 |
| Income taxes payable | 26 |
| Deferred tax liabilities | 334 |
| Total liabilities of discontinued operations | $ 2,173 |

***FNFV***

As a result of the FNFV Split-Off we have reclassified the assets and liabilities divested as assets and liabilities of discontinued operations in our Consolidated Balance Sheet as of December 31, 2016. Further, the financial results of FNFV Group have been reclassified to discontinued operations for all periods presented in our Consolidated Statements of Earnings. Subsequent to the FNFV Split-Off, Cannae is considered a related party for FNF. The cash inflows and outflows from and to Cannae as well as revenues and expenses included in continuing operations subsequent to November 17, 2017, the date of the FNFV Split-Off, which were previously eliminated in our consolidated financial statements as intra-entity transactions, are not material to our results of operations for the year ended December 31, 2017.

In conjunction with the FNFV Split-Off, FNTIC, Chicago Title, and Commonwealth Title contributed an aggregate of $100 million to Cannae in exchange for 5,706,134 shares of Cannae common stock. As of December 31, 2017, we own approximately 8.1% of Cannae's outstanding common equity. In addition we issued to Cannae a revolver note (the "Cannae Revolver") in the aggregate principal amount of up to $100 million, which accrues interest at LIBOR plus 450 basis points and matures on the five-year anniversary of the date of the revolver note. The maturity date is automatically extended for additional five-year terms unless notice of non-renewal is otherwise provided by either FNF or Cannae, in their sole discretion. As of December 31, 2017, there is no outstanding balance under the Cannae Revolver.

In connection with the FNFV Split-Off, the following material agreements were entered into by and between the Company and Cannae (the “Split-Off Agreements”):

- a Reorganization Agreement, dated as of November 17, 2017, by and between the Company and Cannae, which provides for, among other things, the principal corporate transactions required to effect the Split-Off, certain conditions to the Split-Off and provisions governing the relationship between the Company and Cannae with respect to and resulting from the Split-Off;

- a Tax Matters Agreement, dated as of November 17, 2017, by and between the Company and Cannae, which governs the Company’s and Cannae’s respective rights, responsibilities and obligations with respect to taxes and tax benefits, the filing of tax returns, the control of audits and other tax matters; and

- a Voting Agreement, dated as of November 17, 2017, by and between the Company and Cannae, pursuant to which the Company agrees to appear or cause all shares of Cannae common stock that the Company or its subsidiaries, as applicable, own after the Split-Off to be counted as present at any meeting of the stockholders of Cannae, for the purpose of establishing a quorum, and agrees to vote all of such shares of Cannae common stock (or cause them to be voted) in the same manner as, and in the same proportion to, all shares voted by holders of Cannae common stock (other than the Company and its subsidiaries).

A summary of the operations of FNFV included in discontinued operations is shown below:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (in millions) | | |
| Revenues: | | | |
| Escrow, title-related and other fees | $ 111 | $ 168 | $ 204 |
| Restaurant revenue | 981 | 1,158 | 1,412 |
| Interest and investment income | 5 | 3 | 2 |
| Realized gains and losses, net | 277 | 6 | (19) |
| Total revenues | 1,374 | 1,335 | 1,599 |
| Expenses: | | | |
| Personnel costs | 148 | 165 | 158 |
| Other operating expenses | 94 | 106 | 167 |
| Cost of restaurant revenue | 861 | 984 | 1,195 |
| Depreciation and amortization | 51 | 63 | 65 |
| Interest expense | 9 | 10 | 8 |
| Total expenses | 1,163 | 1,328 | 1,593 |
| Earnings from discontinued operations before income taxes | 211 | 7 | 6 |
| Income tax expense (benefit) | 103 | (11) | (19) |
| Earnings from continuing operations before equity in (losses) earnings of unconsolidated affiliates | 108 | 18 | 25 |
| Equity in losses of unconsolidated affiliates | (12) | (22) | (22) |
| Net earnings (loss) from discontinued operations | 96 | (4) | 3 |
| Less: Net (losses) earnings attributable to non-controlling interests | (13) | — | 16 |
| Net earnings (loss) attributable to Fidelity National Financial, Inc. common shareholders | $ 109 | $ (4) | $ (13) |
| | | | |
| Cash flow from discontinued operations data: | | | |
| Net cash (used in) provided by operations | $ (134) | $ 81 | $ 29 |
| Net cash (used in) provided by investing activities | (11) | 67 | 166 |

A summary of the financial position of FNFV included as assets and liabilities of discontinued operations is shown below:

| | December 31, 2016 |
|---|---|
| | (in millions) |
| Investments: | |
| Fixed maturities available for sale, at fair value | $ 25 |
| Equity securities available for sale, at fair value | 52 |
| Investments in unconsolidated affiliates | 407 |
| Other long term investments | 12 |
| Short term investments | 2 |
| Total investments | 498 |
| Cash and cash equivalents | 144 |
| Trade and notes receivable | 52 |
| Goodwill | 206 |
| Prepaid expenses and other assets | 33 |
| Capitalized software, net | 16 |
| Deferred tax assets | 58 |
| Other intangible assets, net | 200 |
| Property and equipment, net | 251 |
| Total assets of discontinued operations | $ 1,458 |
| | |
| Accounts payable and accrued liabilities | $ 214 |
| Notes payable | 233 |
| Income taxes payable | 18 |
| Total liabilities of discontinued operations | $ 465 |

As a result of the reclassification of the assets and liabilities of FNFV to assets and liabilities of discontinued operations, the deferred tax assets of FNFV, which were formerly netted with our consolidated deferred tax liability in our Condensed Consolidated Balance Sheet as of December 31, 2016, were reclassified to assets of discontinued operations resulting in an increase to both our assets and liabilities of $58 million as of December 31, 2016.

***Reconciliation to Consolidated Financial Statements***

A reconciliation of the net earnings of Black Knight and FNFV to the Statement of Operations is shown below:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (in millions) | | |
| Earnings from discontinued operations attributable to Black Knight | $ 59 | $ 74 | $ 57 |
| Earnings (loss) from discontinued operations attributable to FNFV | 96 | (4) | 3 |
| Total earnings from discontinued operations, net of tax | $ 155 | $ 70 | $ 60 |

A reconciliation of the financial position of Black Knight and FNFV to the Balance Sheet is shown below:

| | December 31, 2016 |
|---|---|
| | (in millions) |
| Assets: | |
| Assets of discontinued operations attributable to Black Knight | $ 3,761 |
| Assets of discontinued operations attributable to FNFV | 1,458 |
| Total assets of discontinued operations | $ 5,219 |
| Liabilities: | |
| Liabilities of discontinued operations attributable to Black Knight | $ 2,173 |
| Liabilities of discontinued operations attributable to FNFV | 465 |
| Total liabilities of discontinued operations | $ 2,638 |

## Note H. Other Intangible Assets

Other intangible assets consist of the following:

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (In millions) | |
| Customer relationships and contracts | $ 860 | $ 748 |
| Trademarks and tradenames | 81 | 74 |
| Computer software | 357 | 324 |
| | 1,298 | 1,146 |
| Accumulated amortization | (680) | (561) |
| | $ 618 | $ 585 |

Amortization expense for amortizable intangible assets, which consist primarily of customer relationships and computer software, was $130 million, $110 million, and $103 million for the years ended December 31, 2017, 2016 and 2015, respectively. Estimated amortization expense for the next five years for assets owned at December 31, 2017, is $100 million in 2018, $93 million in 2019, $79 million in 2020, $64 million in 2021 and $50 million in 2022.

## Note I. Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities consist of the following:

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (In millions) | |
| Accrued benefits | $ 254 | $ 245 |
| Salaries and incentives | 277 | 267 |
| Accrued rent | 22 | 19 |
| Trade accounts payable | 39 | 42 |
| Accrued recording fees and transfer taxes | 17 | 16 |
| Accrued premium taxes | 20 | 26 |
| Deferred revenue | 107 | 103 |
| Other accrued liabilities | 219 | 215 |
| | $ 955 | $ 933 |

**Note J. Notes Payable**

Notes payable consists of the following:

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| | (In millions) | |
| Unsecured notes, net of discount, interest payable semi-annually at 5.50%, due September 2022 | $ 397 | $ 397 |
| Unsecured convertible notes, net of discount, interest payable semi-annually at 4.25%, due August 2018 | 65 | 291 |
| Unsecured notes, net of discount, interest payable semi-annually at 6.60%, due May 2017 | — | 300 |
| Revolving Credit Facility, unsecured, unused portion of $500 at December 31, 2017, due April 2022 with interest payable monthly at LIBOR + 1.40% (2.76% at December 31, 2017) | 295 | (3) |
| Other | 2 | 2 |
| | $ 759 | $ 987 |

At December 31, 2017, the estimated fair value of our long-term debt was approximately $940 million, or $173 million higher than its carrying value, excluding $8 million of net unamortized debt issuance costs and premium/discount. The fair value of our unsecured notes payable was $638 million as of December 31, 2017. The fair values of our unsecured notes payable are based on established market prices for the securities on December 31, 2017 and are considered Level 2 financial liabilities. The carrying value of the Revolving Credit Facility approximates fair value at December 31, 2017, as it is a variable rate instrument with a short reset period (monthly) which reflects current market rates. The Revolving Credit Facility is considered a Level 2 financial liability.

On June 25, 2013, we entered into an agreement to amend and restate our existing $800 million Second Amended and Restated Credit Agreement (the “Existing Credit Agreement”), dated as of April 16, 2012 with Bank of America, N.A., as administrative agent (in such capacity, the “Administrative Agent”) and the other agents party thereto (the “Revolving Credit Facility”). On April 27, 2017, the Revolving Credit Facility was amended (the "Restated Credit Agreement") to extend the term for 5 years, from a maturity date of July 15, 2018 to April 27, 2022. Revolving loans under the credit facility generally bear interest at a variable rate based on either (i) the base rate (which is the highest of (a) 0.5% in excess of the federal funds rate, (b) the Administrative Agent's “prime rate”, or (c) the sum of 1% plus one-month LIBOR) plus a margin of between 10 and 60 basis points depending on the senior unsecured long-term debt ratings of FNF or (ii) LIBOR plus a margin of between 110 and 160 basis points depending on the senior unsecured long-term debt ratings of the Company. Based on our current Moody’s and Standard & Poor’s senior unsecured long-term debt ratings of Baa3/BBB, respectively, the applicable margin for revolving loans subject to LIBOR is 140 basis points. In addition, we pay a commitment fee of between 15 and 40 basis points on the entire facility, also depending on our senior unsecured long-term debt ratings. Under the Revolving Credit Facility, we are subject to customary affirmative, negative and financial covenants, including, among other things, limits on the creation of liens, limits on the incurrence of indebtedness, restrictions on investments, dispositions and transactions with affiliates, limitations on dividends and other restricted payments, a minimum net worth and a maximum debt to capitalization ratio. The Revolving Credit Facility also includes customary events of default for facilities of this type (with customary grace periods, as applicable) and provides that, if an event of default occurs and is continuing, the interest rate on all outstanding obligations may be increased, payments of all outstanding loans may be accelerated and/or the lenders' commitments may be terminated. These events of default include a cross-default provision that, subject to limited exceptions, permits the lenders to declare the Revolving Credit Facility in default if: (i) (a) we fail to make any payment after the applicable grace period under any indebtedness with a principal amount (including undrawn committed amounts) in excess of 3.0% of our net worth, as defined in the Revolving Credit Facility, or (b) we fail to perform any other term under any such indebtedness, or any other event occurs, as a result of which the holders thereof may cause it to become due and payable prior to its maturity; or (ii) certain termination events occur under significant interest rate, equity or other swap contracts. In addition, upon the occurrence of certain insolvency or bankruptcy related events of default, all amounts payable under the Revolving Credit Facility shall automatically become immediately due and payable, and the lenders' commitments will automatically terminate. As of December 31, 2017, there is $295 million outstanding, net of $5 million in unamortized debt issuance costs, and $500 million of remaining borrowing capacity under the Revolving Credit Facility.

On August 28, 2012, we completed an offering of $400 million in aggregate principal amount of 5.50% notes due September 2022 (the "5.50% notes"), pursuant to an effective registration statement previously filed with the Securities and Exchange Commission. The notes were priced at 99.513% of par to yield 5.564% annual interest. The 5.50% notes will pay interest semi-annually on the 1st of March and September, beginning March 1, 2013. These notes contain customary covenants and events of default for investment grade public debt. These events of default include a cross default provision, with respect to any other debt of the Company in an aggregate amount exceeding $100 million for all such debt, arising from (i) failure to make a principal payment when due or (ii) the occurrence of an event which results in such debt being due and payable prior to its scheduled maturity.

On August 2, 2011, we completed an offering of $300 million in aggregate principal amount of 4.25% convertible senior notes due August 2018 (the "Notes") in an offering conducted in accordance with Rule 144A under the Securities Act of 1933, as amended. The Notes contain customary event-of-default provisions which, subject to certain notice and cure-period conditions, can result in the acceleration of the principal amount of, and accrued interest on, all outstanding Notes if we breach the terms of the Notes or the indenture pursuant to which the Notes were issued. The Notes are unsecured and unsubordinated obligations and (i) rank senior in right of payment to any of our existing or future unsecured indebtedness that is expressly subordinated in right of payment to the Notes; (ii) rank equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated; (iii) are effectively subordinated in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and (iv) are structurally subordinated to all existing and future indebtedness and liabilities of our subsidiaries. Interest is payable on the principal amount of the Notes, semi-annually in arrears in cash on February 15 and August 15 of each year, commencing February 15, 2012. The Notes mature on August 15, 2018, unless earlier purchased by us or converted. The Notes were issued for cash at 100% of their principal amount. However, for financial reporting purposes, the notes were deemed to have been issued at 92.818% of par value, and as such we recorded a discount of $22 million to be amortized to August 2018, when the Notes mature. The Notes will be convertible into cash, shares of common stock, or a combination of cash and shares of common stock, at our election, based on an initial conversion rate, subject to adjustment, of 46.387 shares per $1,000 principal amount of the Notes (which represents an initial conversion price of approximately $21.56 per share), only in the following circumstances and to the following extent: (i) during any calendar quarter commencing after December 31, 2011, if, for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on, and including, the last trading day of the immediately preceding calendar quarter, the last reported sale price per share of our common stock on such trading day is greater than or equal to 130% of the applicable conversion price on such trading day; (ii) during the five consecutive business day period immediately following any ten consecutive trading day period (the “measurement period”) in which, for each trading day of the measurement period, the trading price per $1,000 principal amount of notes was less than 98% of the product of the last reported sale price per share of our common stock on such trading day and the applicable conversion rate on such trading day; (iii) upon the occurrence of specified corporate transactions; or (iv) at any time on and after May 15, 2018. However, in all cases, the Notes will cease to be convertible at the close of business on the second scheduled trading day immediately preceding the maturity date. It is our intent and policy to settle conversions through “net-share settlement”. Generally, under “net-share settlement,” the conversion value is settled in cash, up to the principal amount being converted, and the conversion value in excess of the principal amount is settled in shares of our common stock. As of October 1, 2013, these notes were convertible under the 130% Sale Price Condition described above. During the year ended December 31, 2017, we repurchased Notes with aggregate principal of $230 million for $549 million.

Gross principal maturities of notes payable at December 31, 2017 are as follows (in millions):

| | |
|---|---|
| 2018 | $ 66 |
| 2019 | — |
| 2020 | 1 |
| 2021 | — |
| 2022 | 700 |
| Thereafter | — |
| | $ 767 |

## Note K. Income Taxes

Income tax expense on continuing operations consists of the following:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (In millions) | | |
| Current | $ 476 | $ 333 | $ 275 |
| Deferred | (241) | 14 | (1) |
| | $ 235 | $ 347 | $ 274 |

Total income tax expense (benefit) was allocated as follows (in millions):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Net earnings from continuing operations | $ 235 | $ 347 | $ 274 |
| Tax expense attributable to net earnings from discontinued operations | 144 | 25 | 16 |
| Other comprehensive earnings (loss): | | | |
| Unrealized gain (loss) on investments and other financial instruments | 25 | 29 | (40) |
| Unrealized gain (loss) on foreign currency translation and cash flow hedging | 4 | 1 | (7) |
| Minimum pension liability adjustment | 3 | 3 | 3 |
| Total income tax expense (benefit) allocated to other comprehensive earnings | 32 | 33 | (44) |
| Additional paid-in capital, stock-based compensation | — | — | (21) |
| Total income taxes | $ 411 | $ 405 | $ 225 |

A reconciliation of the federal statutory rate to our effective tax rate is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| Federal statutory rate | 35.0 % | 35.0 % | 35.0 % |
| State income taxes, net of federal benefit | 1.8 | 2.8 | 3.0 |
| Deductible dividends paid to FNF 401(k) plan | (0.2) | (0.1) | (0.2) |
| Tax exempt interest income | (0.4) | (0.5) | (0.8) |
| Stock compensation | (1.4) | (1.7) | — |
| Tax Credits | (0.1) | (0.1) | (0.1) |
| Consolidated Partnerships | — | 0.2 | 0.4 |
| Tax reform | (10.7) | — | — |
| Non-deductible expenses and other, net | 3.2 | 0.8 | (1.6) |
| Effective tax rate | 27.2 % | 36.4 % | 35.7 % |

The significant components of deferred tax assets and liabilities at December 31, 2017 and 2016 consist of the following:

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (In millions) | |
| Deferred Tax Assets: | | |
| Employee benefit accruals | $ 68 | $ 36 |
| Net operating loss carryforwards | 9 | 22 |
| Insurance reserve discounting | 26 | — |
| Accrued liabilities | 10 | 18 |
| Allowance for uncollectible accounts receivable | 4 | — |
| Pension plan | 2 | 5 |
| Tax credits | 40 | 41 |
| State income taxes | 4 | 13 |
| Other | 1 | 3 |
| Total gross deferred tax asset | 164 | 138 |
| Less: valuation allowance | 22 | 10 |
| Total deferred tax asset | $ 142 | $ 128 |
| Deferred Tax Liabilities: | | |
| Title plant | $ (55) | $ (85) |
| Amortization of goodwill and intangible assets | (113) | (174) |
| Other investments | (5) | (4) |
| Other | (13) | (11) |
| Investment securities | (41) | (39) |
| Depreciation | (9) | (12) |
| Partnerships | (75) | (94) |
| Insurance reserve discounting | — | (79) |
| Total deferred tax liability | $ (311) | $ (498) |
| Net deferred tax liability | $ (169) | $ (370) |

Our net deferred tax liability was $169 million and $370 million at December 31, 2017, and 2016, respectively. Deferred tax liability incurred a one-time reduction of $93 million which was primarily a result of the decrease in the corporate tax rate from 35% to 21% associated with the enactment of the Tax Cuts and Jobs Act of 2017 ("Tax Reform"). The significant changes in the deferred taxes are as follows: The increase in the deferred tax asset for employee benefit accruals is a $71 million increase in deferred compensation related to a change in accounting method offset by a $38 million decrease driven by Tax Reform. The deferred tax liability for insurance reserve discounting decreased by $119 million largely due to the redomestication of certain of our insurance underwriters in 2017, offset by an increase of $15 million attributable to Tax Reform. The deferred tax liability for title plant decreased by $30 million primarily due to Tax Reform. The deferred tax liability relating to partnerships decreased by $19 million primarily due to an increase of $23 million related to ServiceLink activity offset by a $42 million decrease driven by Tax Reform. The deferred tax liability on amortization decreased by $61 million primarily due to Tax Reform. The decrease in the deferred tax asset on net operating losses of $13 million is primarily attributable to usage of assets in the current year and Tax Reform.

We had a valuation allowance of $22 million and $10 million at December 31, 2017 and 2016, respectively. The increase in the valuation allowance is primarily attributable to Tax Reform which decreased the ability to use credit carryovers before they expire in future years.

SEC Staff Accounting Bulletin No. 118 ("SAB 118"), has provided guidance for companies that have not completed their accounting for the income tax effects of the Tax Reform in the period of enactment, allowing for a measurement period of up to one year after the enactment date to finalize the recording of the related tax impacts. As of December 31, 2017, we have not completed our accounting for the tax effects of the enactment of the Tax Reform, however, we have made a reasonable estimate of the effects on our deferred tax balances. In other cases, we have not been able to make a reasonable estimate and will continue to analyze the Tax Reform in order to finalize any related impacts within the measurement period.

At December 31, 2017, we have net operating losses on a pretax basis of $36 million available to carryforward and offset future federal taxable income. The net operating losses are US federal net operating losses arising from acquisitions made since 2008, including CINC and are subject to an annual Internal Revenue Code Section 382 limitation. These losses will begin to expire in year 2021 and we fully anticipate utilizing these losses prior to expiration with the exception of $3 million of gross net operating losses that are offset by a $1 million valuation allowance.

At December 31, 2017 and 2016, we had $40 million and $41 million of tax credits, respectively. The credits primarily consist of general business credits from acquisitions in the Restaurant Group. We anticipate that these credits will be utilized prior to expiration after a valuation allowance of $21 million on the general business credits.

A tax benefit of $21 million associated with the exercise of employee stock options and the vesting of restricted stock grants was allocated to equity for the year ended December 31, 2015. For the years ended December 31, 2017 and 2016 we have recorded $13 million and $17 million in income tax benefit related to the tax effects associated with the exercise of stock options and vesting of restricted stock. Our adoption of ASU 2016-09 in 2016 resulted in a change in accounting for the tax-effects of stock-based compensation. Beginning January 1, 2016, the tax-effect of the difference in grant date and vest date fair value of stock-based compensation is included in total income tax expense (benefit).

As of December 31, 2017 and 2016, we had approximately $11 million (including interest of less than $1 million) and $18 million (including interest of less than $1 million), respectively, of total gross unrecognized tax benefits that, if recognized, would favorably affect our income tax rate. These amounts are reported on a gross basis and do not reflect a federal tax benefit on state income taxes. We record interest and penalties related to income taxes as a component of income tax expense.

The Internal Revenue Service ("IRS") has selected us to participate in the Compliance Assurance Program that is a real-time audit. We are currently under audit by the Internal Revenue Service for the 2016 through 2018 tax years. We file income tax returns in various foreign and US state jurisdictions.

## Note L. Summary of Reserve for Claim Losses

A summary of the reserve for claim losses follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (Dollars in millions) | | |
| Beginning balance | $ 1,487 | $ 1,583 | $ 1,621 |
| Change in reinsurance recoverable | (4) | (8) | 1 |
| Claim loss provision related to: | | | |
| Current year | 219 | 236 | 224 |
| Prior years | 19 | (79) | 22 |
| Total title claim loss provision | 238 | 157 | 246 |
| Claims paid, net of recoupments related to: | | | |
| Current year | (8) | (10) | (7) |
| Prior years | (223) | (235) | (278) |
| Total title claims paid, net of recoupments | (231) | (245) | (285) |
| Ending balance of claim loss reserve for title insurance | $ 1,490 | $ 1,487 | $ 1,583 |
| Provision for title insurance claim losses as a percentage of title insurance premiums | 4.9% | 3.3% | 5.7% |

We continually update loss reserve estimates as new information becomes known, new loss patterns emerge, or as other contributing factors are considered and incorporated into the analysis of reserve for claim losses. Estimating future title loss payments is difficult because of the complex nature of title claims, the long periods of time over which claims are paid, significantly varying dollar amounts of individual claims and other factors.

In the quarter ended December 31, 2017, we reduced the current quarter provision for claims losses to 4.5%. During the quarter ended December 31, 2016, we released excess title reserves of $97 million in addition to reducing the provision for claims losses for the quarter to 5.0%. In response to favorable development on recent year claims, the average provision rate has decreased in each of the years ended 2015, 2016, and 2017.

Due to the uncertainty inherent in the process and to the judgment used by management, the ultimate liability may be greater or less than our current reserves. If actual claims loss development varies from what is currently expected and is not offset by other factors, it is possible that our recorded reserves may fall outside a reasonable range of our actuary's central estimate, which may require additional reserve adjustments in future periods.

## Note M. Commitments and Contingencies

*Legal and Regulatory Contingencies*

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

We review lawsuits and other legal and regulatory matters (collectively “legal proceedings”) on an ongoing basis when making accrual and disclosure decisions. When assessing reasonably possible and probable outcomes, management bases its decision on its assessment of the ultimate outcome assuming all appeals have been exhausted. For legal proceedings in which it has been determined that a loss is both probable and reasonably estimable, a liability based on known facts and which represents our best estimate has been recorded. Our accrual for legal and regulatory matters was $2 million and $68 million as of December 31, 2017 and 2016, respectively. During the quarter ended March 31, 2017, ServiceLink paid $65 million to settle all remaining obligations to complete the document execution review under the 2011 LPS consent order with certain banking agencies. Details of the consent order and the terms of the settlement are set forth in Note M *Commitments and Contingencies* to our Consolidated Financial Statements in our Annual Report for the year ended December 31, 2016. On January 12, 2018, the banking agencies entered an Order terminating the 2011 LPS consent order, having found ServiceLink attained full compliance. None of the amounts we have currently recorded are considered to be material to our financial condition individually or in the aggregate. Actual losses may materially differ from the amounts recorded and the ultimate outcome of our pending legal proceedings is generally not yet determinable. While some of these matters could be material to our operating results or cash flows for any particular period if an unfavorable outcome results, at present we do not believe that the ultimate resolution of currently pending legal proceedings, either individually or in the aggregate, will have a material adverse effect on our financial condition.

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

*Escrow Balances*

In conducting our operations, we routinely hold customers’ assets in escrow, pending completion of real estate transactions, and are responsible for the proper disposition of these balances for our customers. Certain of these amounts are maintained in segregated bank accounts and have not been included in the accompanying Consolidated Balance Sheets, consistent with Generally Accepted Accounting Principles and industry practice. These balances amounted to $15.4 billion at December 31, 2017. As a result of holding these customers’ assets in escrow, we have ongoing programs for realizing economic benefits during the year through favorable borrowing and vendor arrangements with various banks. There were no investments or loans outstanding as of December 31, 2017 and 2016 related to these arrangements.

*Operating Leases*

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

| | | |
|---|---|---|
| 2018 | $ | 150 |
| 2019 | | 127 |
| 2020 | | 98 |
| 2021 | | 71 |
| 2022 | | 46 |
| Thereafter | | 44 |
| Total future minimum operating lease payments | $ | 536 |

Rent expense incurred under operating leases during the years ended December 31, 2017, 2016 and 2015 was $144 million, $128 million, and $122 million, respectively. Rent expense in 2017, 2016, and 2015 includes abandoned lease charges related to office closures of $1 million.

## Note N. Regulation and Equity

*Regulation*

Our insurance subsidiaries, including title insurers, underwritten title companies and insurance agencies, are subject to extensive regulation under applicable state laws. Each of the insurance underwriters is subject to a holding company act in its state of domicile which regulates, among other matters, the ability to pay dividends and enter into transactions with affiliates. The laws of most states in which we transact business establish supervisory agencies with broad administrative powers relating to issuing and revoking licenses to transact business, regulating trade practices, licensing agents, approving policy forms, accounting practices, financial practices, establishing reserve and capital and surplus as regards policyholders (“capital and surplus”) requirements, defining suitable investments for reserves and capital and surplus and approving rate schedules. The process of state regulation of changes in rates ranges from states which set rates, to states where individual companies or associations of companies prepare rate filings which are submitted for approval, to a few states in which rate changes do not need to be filed for approval.

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

Pursuant to statutory accounting requirements of the various states in which our insurers are domiciled, these insurers must defer a portion of premiums earned as an unearned premium reserve for the protection of policyholders and must maintain qualified assets in an amount equal to the statutory requirements. The level of unearned premium reserve required to be maintained at any time is determined by statutory formula based upon either the age, number of policies and dollar amount of policy liabilities underwritten, or the age and dollar amount of statutory premiums written. As of December 31, 2017, the combined statutory unearned premium reserve required and reported for our title insurers was $1,400 million. In addition to statutory unearned premium reserves, each of our insurers maintains reserves for known claims and surplus funds for policyholder protection and business operations.

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

Our insurance subsidiaries are subject to regulations that restrict their ability to pay dividends or make other distributions of cash or property to their immediate parent company without prior approval from the Department of Insurance of their respective states of domicile. As of December 31, 2017, $1,700 million of our net assets are restricted from dividend payments without prior approval from the Departments of Insurance. During 2018, our title insurers can pay or make distributions to us of approximately $363 million, without prior approval.

The combined statutory capital and surplus of our title insurers was approximately $1,389 million and $1,469 million as of December 31, 2017 and 2016, respectively. The combined statutory net earnings of our title insurance subsidiaries were $434 million, $541 million, and $381 million for the years ended December 31, 2017, 2016, and 2015, respectively.

Statutory-basis financial statements are prepared in accordance with accounting practices prescribed or permitted by the various state insurance regulatory authorities. The National Association of Insurance Commissioners' (“NAIC”*) Accounting*

*Practices and Procedures* manual (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by each of the states that regulate us. Each of our states of domicile for our title insurance underwriter subsidiaries have adopted a material prescribed accounting practice that differs from that found in NAIC SAP. Specifically, in both years the timing of amounts released from the statutory unearned premium reserve under NAIC SAP differs from the states' required practice. Statutory surplus at December 31, 2017 and 2016, respectively, was lower by approximately $28 million and $207 million than if we had reported such amounts in accordance with NAIC SAP. The decrease at December 31, 2017 from 2016 is primarily attributable to the Redomestication.

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

Pursuant to statutory requirements of the various states in which our insurers are domiciled, such insurers must maintain certain levels of minimum capital and surplus. Required levels of minimum capital and surplus are not significant to the insurers individually or in the aggregate. Each of our insurers has complied with the minimum statutory requirements as of December 31, 2017.

Our underwritten title companies are also subject to certain regulation by insurance regulatory or banking authorities, primarily relating to minimum net worth. Minimum net worth requirements for each underwritten title company is less than $1 million. These companies were in compliance with their respective minimum net worth requirements at December 31, 2017.

There are no restrictions on our retained earnings regarding our ability to pay dividends to shareholders although there are limits on the ability of certain subsidiaries to pay dividends to us, as described above.

*Equity*

On July 20, 2015, our Board of Directors approved a three-year stock repurchase program under which we can purchase up to 25 million shares of our FNF Group common stock through July 30, 2018. We may make repurchases from time to time in the open market, in block purchases or in privately negotiated transactions, depending on market conditions and other factors. Since the original commencement of the plan, we have repurchased a total of 10,589,000 FNF common shares for $372 million, or an average of $35.10 per share, and there are 14,411,000 shares available to be repurchased under this program.

## Note O. Employee Benefit Plans

***Stock Purchase Plan***

During the three-year period ended December 31, 2017, our eligible employees could voluntarily participate in employee stock purchase plans (“ESPPs”) sponsored by us and our subsidiaries. Pursuant to the ESPPs, employees may contribute an amount between 3% and 15% of their base salary and certain commissions. We contribute varying amounts as specified in the ESPPs.

We contributed $23 million, $20 million, and $18 million to the ESPPs in the years ended December 31, 2017, 2016, and 2015, respectively, in accordance with the employer’s matching contribution.

***401(k) Profit Sharing Plan***

During the three-year period ended December 31, 2017, we have offered our employees the opportunity to participate in our 401(k) profit sharing plans (the “401(k) Plan”), qualified voluntary contributory savings plans which are available to substantially all of our employees. Eligible employees may contribute up to 40% of their pretax annual compensation, up to the amount allowed pursuant to the Internal Revenue Code. We make an employer match on the 401(k) Plan of $0.375 on each $1.00 contributed up to the first 6% of eligible earnings contributed to the 401(k) Plan by employees. The employer match for the years ended December 31, 2017, 2016 and 2015 was $26 million, $26 million and $23 million, respectively, that was credited based on the participant's individual investment elections in the FNF 401(k) Plan.

***Omnibus Incentive Plan***

In 2005, we established the FNT 2005 Omnibus Incentive Plan (the “Omnibus Plan”) authorizing the issuance of up to 8 million shares of common stock, subject to the terms of the Omnibus Plan. On October 23, 2006; May 29, 2008; May 25, 2011; May 22, 2013; and June 15, 2016 the shareholders of FNF approved amendments to increase the number of shares for issuance under the Omnibus Plan by 16 million, 11 million, 6 million, 6 million and 10 million shares, respectively. The primary purpose of the increases were to assure that we had adequate means to provide equity incentive compensation to our employees on a going-forward basis. The Omnibus Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units and performance shares, performance units, other cash and stock-based awards and dividend equivalents. As of December 31, 2017, there were 1,839,061 shares of restricted stock and 8,529,427 stock options outstanding under this plan. Awards granted are approved by the Compensation Committee of the Board of Directors. Options vest over a 3 year period and have a contractual life of 7 years. The exercise price for options granted equals the market price of the underlying stock on the grant date. Stock option grants vest according to certain time based and operating performance criteria. Option exercises by participants are settled on the open market.

FNF stock option transactions under the Omnibus Plan for 2015, 2016, and 2017 are as follows:

| | Options | Weighted Average Exercise Price | Exercisable |
|---|---|---|---|
| Balance, December 31, 2014 | 9,393,211 | $ 19.43 | 5,173,802 |
| Granted | 1,886,320 | 34.84 | |
| Exercised | (1,966,937) | 12.96 | |
| Canceled | (12,085) | 26.62 | |
| Balance, December 31, 2015 | 9,300,509 | $ 23.92 | 5,256,426 |
| Granted | 35,000 | 35.63 | |
| Exercised | (1,846,153) | 10.12 | |
| Canceled | (7,673) | 26.17 | |
| Balance, December 31, 2016 | 7,481,683 | $ 27.38 | 5,821,592 |
| Options issued as make-whole adjustment for BK Distribution | 2,375,111 | 20.32 | |
| Exercised | (1,313,061) | 18.38 | |
| Canceled | (14,306) | 24.49 | |
| Balance, December 31, 2017 | 8,529,427 | $ 20.38 | 7,648,837 |

FNF restricted stock transactions under the Omnibus Plan in 2015, 2016, and 2017 are as follows:

| | Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Balance, December 31, 2014 | 1,770,781 | $ 25.08 |
| Granted | 613,960 | 34.84 |
| Canceled | (10,105) | 26.14 |
| Vested | (982,762) | 23.00 |
| Balance, December 31, 2015 | 1,391,874 | $ 30.85 |
| Granted | 803,292 | 34.54 |
| Canceled | (3,266) | 28.07 |
| Vested | (720,227) | 28.97 |
| Balance, December 31, 2016 | 1,471,673 | $ 33.79 |
| Granted | 828,818 | 37.12 |
| Restricted stock issued as make-whole adjustment for BK Distribution | 545,676 | 24.62 |
| Canceled | (11,233) | 24.52 |
| Vested | (995,873) | 23.98 |
| Balance, December 31, 2017 | 1,839,061 | $ 30.58 |

The following table summarizes information related to stock options outstanding and exercisable as of December 31, 2017:

| | Options Outstanding | | | | Options Exercisable | | | |
|---|---|---|---|---|---|---|---|---|
| Range of Exercise Prices | Number of Options | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Intrinsic Value | Number of Options | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Intrinsic Value |
| | | (In years) | | (In millions) | | (In years) | | (In millions) |
| $0.00 — $14.38 | 662,763 | 1.85 | $ 14.38 | $ 16 | 662,763 | 1.85 | $ 14.38 | $ 16 |
| $14.39 — $17.76 | 4,070,183 | 2.89 | 17.76 | 87 | 4,070,183 | 2.89 | 17.76 | 87 |
| $17.77 — $21.84 | 1,342,007 | 3.84 | 21.84 | 23 | 1,342,007 | 3.84 | 21.84 | 23 |
| $21.85 — $25.34 | 13,648 | 5.98 | 25.34 | — | 4,549 | 5.98 | 25.34 | — |
| $25.35 — $25.53 | 2,422,627 | 4.83 | 25.53 | 33 | 1,569,335 | 4.83 | 25.53 | 22 |
| $25.54 — $26.99 | 18,199 | 5.55 | 26.99 | — | — | 0 | — | — |
| | 8,529,427 | | | $ 159 | 7,648,837 | | | $ 148 |

We account for stock-based compensation plans in accordance with GAAP on share-based payments, which requires that compensation cost relating to share-based payments be recognized in the consolidated financial statements based on the fair value of each award. Using the fair value method of accounting, compensation cost is measured based on the fair value of the award at the grant date and recognized over the service period. Fair value of restricted stock awards and units is based on the grant date value of the underlying stock derived from quoted market prices. The total fair value of restricted stock awards granted in the years ended December 31, 2017, 2016 and 2015 was $31 million,$29 million, and $21 million, respectively. The total fair value of restricted stock awards which vested in the years ended December 31, 2017, 2016 and 2015 was $38 million, $25 million, and $35 million, respectively. Option awards are measured at fair value on the grant date using the Black Scholes Option Pricing Model. The intrinsic value of options exercised in the years ended December 31, 2017, 2016 and 2015 was $25 million, $46 million, and $47 million, respectively. Net earnings attributable to FNF Shareholders reflects stock-based compensation expense amounts of $44 million for the year ended December 31, 2017, $58 million for the year ended December 31, 2016, and $56 million for the year ended December 31, 2015, which are included in personnel costs in the reported financial results of each period.

At December 31, 2017, the total unrecognized compensation cost related to non-vested stock option grants and restricted stock grants is $56 million, which is expected to be recognized in pre-tax income over a weighted average period of 1.65 years.

***Pension Plans***

In 2000, FNF merged with Chicago Title Corporation ("Chicago Title"). In connection with the merger, we assumed Chicago Title’s noncontributory defined contribution plan and noncontributory defined benefit pension plan (the “Pension Plan”). The Pension Plan covers certain Chicago Title employees. The benefits are based on years of service and the employee’s average monthly compensation in the highest 60 consecutive calendar months during the 120 months ending at retirement or termination. Effective December 31, 2000, the Pension Plan was frozen and there will be no future credit given for years of service or changes in salary. The accumulated benefit obligation is the same as the projected benefit obligation due to the pension plan being frozen as of December 31, 2000. Pursuant to GAAP on employers’ accounting for defined benefit pension and other post retirement plans, the measurement date is December 31.

The net pension liability included in Accounts payable and other accrued liabilities as of December 31, 2017, and 2016 was $4 million and $11 million, respectively. The discount rate used to determine the benefit obligation as of the years ended December 31, 2017 and 2016 was 3.34% and 3.54%, respectively. As of the years ended December 31, 2017 and 2016 the projected benefit obligation was $166 million and $168 million, respectively, and the fair value of plan assets was $162 million and $157 million, respectively. The net periodic expense included in the results of operations relating to these plans was $5 million, $6 million, and $8 million for the years ended December 31, 2017, 2016, and 2015, respectively.

***Postretirement and Other Nonqualified Employee Benefit Plans***

We assumed certain health care and life insurance benefits for retired Chicago Title employees in connection with the FNF merger with Chicago Title. Beginning on January 1, 2001, these benefits were offered to all employees who met specific eligibility requirements. Additionally, in connection with the acquisition of LandAmerica Financial Group's two principal title insurance underwriters, Commonwealth Land Title Insurance Company and Lawyers Title Insurance Corporation, as well as United Capital Title Insurance Company (collectively, the "LFG Underwriters"), we assumed certain of the LFG Underwriters' nonqualified benefit plans, which provide various postretirement benefits to certain executives and retirees. The costs of these benefit plans are accrued during the periods the employees render service. We are both self-insured and fully insured for postretirement health care and life insurance benefit plans, and the plans are not funded. The health care plans provide for insurance benefits after retirement and are generally contributory, with contributions adjusted annually. Postretirement life insurance benefits are primarily contributory, with coverage amounts declining with increases in a retiree's age. The aggregate benefit obligation for these plans was $13 million at December 31, 2017 and $14 million at December 31, 2016. The net costs relating to these plans were immaterial for the years ended December 31, 2017, 2016, and 2015.

**Note P. Supplementary Cash Flow Information**

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | (In millions) | | |
| Cash paid during the year: | | | |
| Interest | $ 102 | $ 125 | $ 124 |
| Income taxes | 528 | 367 | 250 |
| Non-cash investing and financing activities: | | | |
| Investing activities: | | | |
| Change in proceeds of sales of investments available for sale receivable in period | $ 3 | $ 7 | $ (25) |
| Change in purchases of investments available for sale payable in period | (9) | 19 | (2) |
| Financing activities: | | | |
| Liabilities assumed in connection with acquisitions (1): | | | |
| Fair value of net assets acquired | $ 595 | $ 625 | $ 155 |
| Less: Total purchase price | 481 | 557 | 111 |
| Liabilities and noncontrolling interests assumed | $ 114 | $ 68 | $ 44 |
| Change in treasury stock purchases payable in period | $ — | $ 8 | $ (7) |

(1) See Note B *Acquisitions* for further discussion of assets and liabilities acquired in business combinations in the current year.

**Note Q. Financial Instruments with Off-Balance Sheet Risk and Concentration of Risk**

*Title*

In the normal course of business we and certain of our subsidiaries enter into off-balance sheet credit arrangements associated with certain aspects of the title insurance business and other activities.

We generate a significant amount of title insurance premiums in California, Texas, Florida and New York. Title insurance premiums as a percentage of the total title insurance premiums written from those four states are detailed as follows:

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| California | 14.5% | 14.6% | 15.1% |
| Texas | 14.2% | 14.2% | 14.4% |
| Florida | 8.0% | 7.7% | 8.1% |
| New York | 6.3% | 7.1% | 8.1% |

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents, short-term investments, and trade receivables.

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

Concentrations of credit risk with respect to trade receivables are limited because a large number of geographically diverse customers make up our customer base, thus spreading the trade receivables credit risk. We control credit risk through monitoring procedures.

## Note R. Segment Information

On September 29, 2017, we completed the BK Distribution. As a result, Black Knight is no longer a reportable segment and the historical results of Black Knight are presented as discontinued operations for all periods presented and are excluded from the following tables. Refer to Note G *Discontinued Operations* for further discussion of the results of Black Knight.

On November 17, 2017, we completed the FNFV Split-off. As a result, FNFV is no longer a reportable segment and the historical results of FNFV are presented as discontinued operations for all periods presented and are excluded from the following tables. Refer to Note G *Discontinued Operations* for further discussion of the results of FNFV.

Summarized financial information concerning our reportable segments is shown in the following tables. There are certain intercompany corporate related arrangements between our various businesses. The effects of these arrangements including intercompany notes and related interest and any other non-operational intercompany revenues and expenses have been eliminated in the segment presentations below.

As of and for the year ended December 31, 2017:

| | Title | Corporate and Other | **Total FNF** |
|---|---|---|---|
| | | **(In millions)** | |
| Title premiums | $ 4,893 | $ — | **$ 4,893** |
| Other revenues | 2,181 | 456 | **2,637** |
| Revenues from external customers | 7,074 | 456 | **7,530** |
| Interest and investment income (loss), including realized gains and losses | 137 | (4) | **133** |
| Total revenues | 7,211 | 452 | **7,663** |
| Depreciation and amortization | 159 | 24 | **183** |
| Interest expense | — | 48 | **48** |
| Earnings (loss) from continuing operations, before income taxes and equity in earnings of unconsolidated affiliates | 955 | (91) | **864** |
| Income tax expense (benefit) | 274 | (39) | **235** |
| Earnings (loss) from continuing operations, before equity in earnings of unconsolidated affiliates | 681 | (52) | **629** |
| Equity in earnings of unconsolidated affiliates | 10 | — | **10** |
| Earnings (loss) from continuing operations | $ 691 | $ (52) | **$ 639** |
| Assets | $ 8,405 | $ 746 | **$ 9,151** |
| Goodwill | 2,432 | 314 | **2,746** |

As of and for the year ended December 31, 2016:

| | Title | Corporate and Other | Total FNF |
|---|---|---|---|
| | | (In millions) | |
| Title premiums | $ 4,723 | $ — | **$ 4,723** |
| Other revenues | 2,128 | 288 | **2,416** |
| Revenues from external customers | 6,851 | 288 | **7,139** |
| Interest and investment income (loss), including realized gains and losses | 127 | (9) | **118** |
| Total revenues | 6,978 | 279 | **7,257** |
| Depreciation and amortization | 148 | 12 | **160** |
| Interest expense | — | 64 | **64** |
| Earnings (loss) from continuing operations, before income taxes and equity in earnings of unconsolidated affiliates | 1,025 | (70) | **955** |
| Income tax expense (benefit) | 386 | (39) | **347** |
| Earnings (loss) from continuing operations, before equity in earnings of unconsolidated affiliates | 639 | (31) | **608** |
| Equity in earnings of unconsolidated affiliates | 13 | 1 | **14** |
| Earnings (loss) from continuing operations | $ 652 | $ (30) | **$ 622** |
| Assets | $ 8,756 | $ 5,765 | **$ 14,521** |
| Goodwill | 2,345 | 210 | **2,555** |

As of and for the year ended December 31, 2015:

| | Title | Corporate and Other | Total FNF |
|---|---|---|---|
| | | (In millions) | |
| Title premiums | $ 4,286 | $ — | **$ 4,286** |
| Other revenues | 2,005 | 241 | **2,246** |
| Revenues from external customers | 6,291 | 241 | **6,532** |
| Interest and investment income (loss), including realized gains and losses | 137 | (5) | **132** |
| Total revenues | 6,428 | 236 | **6,664** |
| Depreciation and amortization | 144 | 6 | **150** |
| Interest expense | — | 73 | **73** |
| Earnings (loss) from continuing operations, before income taxes and equity in earnings (loss) of unconsolidated affiliates | 836 | (66) | **770** |
| Income tax expense (benefit) | 305 | (31) | **274** |
| Earnings (loss) from continuing operations, before equity in earnings (loss) of unconsolidated affiliates | 531 | (35) | **496** |
| Equity in earnings (loss) of unconsolidated affiliates | 6 | (1) | **5** |
| Earnings (loss) from continuing operations | $ 537 | $ (36) | **$ 501** |
| Assets | $ 8,533 | $ 5,510 | **$ 14,043** |
| Goodwill | 2,303 | 45 | **2,348** |

The activities in our segments include the following:

- *Title.* This segment consists of the operations of our title insurance underwriters and related businesses. This segment provides core title insurance and escrow and other title-related services including trust activities, trustee sales guarantees, recordings and reconveyances, and home warranty products. This segment also includes our transaction services business, which includes other title-related services used in the production and management of mortgage loans, including mortgage loans that experience default.

- *Corporate and Other.* This segment consists of the operations of the parent holding company, our various real estate brokerage businesses, and CINC and other real estate technology subsidiaries. This segment also includes certain other unallocated corporate overhead expenses and eliminations of revenues and expenses between it and our Title segment. This segment also includes the assets of discontinued operations, Black Knight and FNFV, as of December 31, 2016 and 2015. Refer to Note G. *Discontinued Operations* for further information.

**Note S. Recent Accounting Pronouncements**

*Revenue Recognition*

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides a new comprehensive revenue recognition model that requires companies to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This update also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This update permits the use of either the retrospective or cumulative effect transition method. ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations* was issued by FASB in March 2016 to clarify the principal versus agent considerations within ASU 2014-09. ASU 2016-10 *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* was issued by the FASB in April 2016 to clarify how to determine whether goods and services are separately identifiable and thus accounted for as separate performance obligations. ASU 2016-12 *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* was issued by the FASB in May 2016 to clarify certain terms from the aforementioned updates and to add practical expedients for contracts at various stages of completion. ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, was issued by the FASB in December 2016 which includes thirteen technical corrections and improvements affecting narrow aspects of the guidance issued in ASU 2014-09.

We have completed our analysis of the impact of the standards and have concluded that these standards will not have a material impact on our accounting or reporting.

Upon issuance of ASU 2015-14, the effective date of ASU 2014-09 was deferred to annual and interim periods beginning on or after December 15, 2017. We will adopt the guidance on January 1, 2018. Either of the following transition methods is permitted: (i) a full retrospective approach reflecting the application of the new standard in each prior reporting period, or (ii) a modified retrospective approach with a cumulative-effect adjustment to the opening balance of retained earnings in the year the new standard is first applied. We plan to transition to this new guidance using the modified retrospective approach.

*Other Pronouncements*

In January 2016, the FASB issued ASU No. 2016-01 *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The primary amendments required by the ASU include: requiring equity investments with readily determinable fair values to be measured at fair value through net income rather than through other comprehensive income; allowing entities with equity investments without readily determinable fair values to report the investments at cost, adjusted for changes in observable prices, less impairment; requiring entities that elect the fair value option for financial liabilities to report the change in fair value attributable to instrument-specific credit risk in other comprehensive income; and clarifying that entities should assess the need for a valuation allowance on a deferred tax asset related to available-for-sale debt securities in combination with other deferred tax assets. The amendments in this ASU are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The ASU requires a cumulative-effect adjustment of the balance sheet as of the beginning of the year of adoption. Early adoption of the ASU is not permitted, except for the provision related to financial liabilities for which the fair value option has been elected. We have completed our evaluation of the effects this new guidance will have on our consolidated financial statements and related disclosures and have determined that the ASU will result in: (1) reclassification of our unrealized gains and losses on our equity and preferred securities available for sale currently included in accumulated other comprehensive income to beginning retained earnings as of January 1, 2018 and (2) changes in fair value of our equity and preferred securities available for sale subsequent to January 1, 2018 to be included in our earnings from continuing operations. As of December 31, 2017, we held equity and preferred securities available for sale with combined net unrealized gains (net of losses) of $164 million and $12 million, respectively. Including the associated effects of deferred taxes, based on the net of tax balances as of December 31, 2017, we expect to reclassify a total of approximately $109 million from Accumulated other comprehensive income to beginning Retained earnings as of January 1, 2018.

In February 2016, the FASB issued ASU No. 2016-02 *Leases (Topic 842)*. The amendments in this ASU introduce broad changes to the accounting and reporting for leases by lessees. The main provisions of the new standard include: clarifications to the definitions of a lease, components of leases, and criteria for determining lease classification; requiring virtually all leased assets, including operating leases and related liabilities, to be reflected on the lessee's balance sheet; and expanding and adding to the required disclosures for lessees. This update is effective for annual and interim periods beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the standard is permitted. The ASU requires a modified retrospective approach to transitioning which allows for the use of practical expedients to effectively account for leases commenced prior to the effective date in accordance with previous GAAP, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous GAAP. We are still evaluating the totality of the effects this new guidance will have on our business process and systems, consolidated financial statements, related disclosures. We have identified a vendor with software suited to track and account for leases under the new standard. We have not concluded on the anticipated financial statement effects of adoption. We plan to adopt this standard on January 1, 2019. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13 *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU introduce broad changes to accounting for credit impairment of financial instruments. The primary updates include the introduction of a new current expected credit loss ("CECL") model that is based on expected rather than incurred losses and amendments to the accounting for impairment of debt securities available for sale. This update is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the effect this new guidance will have on our consolidated financial statements and related disclosures and have not yet concluded on its effects. We do not plan to early adopt the standard.

In August 2016, the FASB issued ASU No. 2016-15 *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this ASU introduce clarifications to the presentation of certain cash receipts and cash payments in the statement of cash flows. The primary updates include additions and clarifications of the classification of cash flows related to certain debt repayment activities, contingent consideration payments related to business combinations, proceeds from insurance policies, distributions from equity method investees, and cash flows related to securitized receivables. This update is effective for annual periods beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption of this ASU is permitted, including in interim periods. The ASU requires retrospective application to all prior periods presented upon adoption. We will adopt this ASU on January 1, 2018 and based on our preliminary analysis, we do not expect the adoption of this ASU to have a material impact on our resulting operating, investing, or financing cash flows.

In November 2016, the FASB issued ASU No. 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. GAAP currently does not include specific guidance on the cash flow classification and presentation of changes in restricted cash. The Company currently excludes cash pledged related to secured trust deposits, which generally meets the definition of restricted cash, from the reconciliation of beginning-of-period to end-of-period total amounts shown on the statement of cash flows. This update is effective for annual periods beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption of this ASU is permitted, including in interim periods. The ASU requires retrospective application to all prior periods presented upon adoption. We will adopt this ASU on January 1, 2018. Based on our preliminary analysis, we expect the adoption of this ASU to result in the movement of the change in our cash pledged against secured trust deposits from operating activities to the net change in cash, the change in investments pledged against secured trust deposits from operating to investing activities, and the change in secured trust deposits from operating to financing activities.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* to assist companies with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. The new guidance requires a company to evaluate if substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of assets and activities is not a business. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs by more closely aligning it with how outputs are described in the guidance for revenue from contracts with customers. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. The guidance should be applied prospectively to any transactions occurring within the period of adoption. We will adopt this ASU on January 1, 2018. Based on our historical acquisition activity, we do not expect this to have a material impact on our ongoing accounting or financial reporting.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* The guidance simplifies the measurement of goodwill impairment by removing step 2 of the goodwill impairment test, which requires the determination of the fair value of individual assets and liabilities of a reporting unit. The new guidance requires goodwill impairment to be measured as the amount by which a reporting unit's carrying value exceeds its fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The amendments should be applied on a prospective basis. The new standard is effective for fiscal years beginning after December 15, 2019 with early adoption permitted for interim or annual goodwill impairment tests performed after January 1, 2017. We are currently evaluating the effect this new guidance will have on our consolidated financial statements and related disclosures and have not yet concluded on its effects.

In March 2017, the FASB issued ASU No. 2017-08, *Receivables-Nonrefundable Fees and Other Costs (Topic 310-20): Premium Amortization on Purchased Callable Debt Securities*. The amendments in this ASU shortens the amortization period for the premium on certain purchased callable debt securities to the earliest call date. The new guidance does not change the accounting for purchased callable debt securities held at a discount. This update is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption of this ASU is permitted, including in interim periods. We early adopted the standard as of January 1, 2017. The adoption of this standard did not have a material impact on our financial statements.

**Item 9.** ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A.** ***Controls and Procedures***

As of the end of the year covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as such term is defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Act is: (a) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms; and (b) accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) or 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting. Management has adopted the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2017. The effectiveness of our internal control over financial reporting as of December 31, 2017 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

**Item 9B.** ***Other Information***

None.

## PART III

### Items 10-14.

Within 120 days after the close of our fiscal year, we intend to file with the Securities and Exchange Commission the matters required by these items.

# PART IV

## Item 15. *Exhibits, Financial Statement Schedules and Reports on Form 8-K*

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



(a) (2) *Financial Statement Schedules.* The following is a list of financial statement schedules filed as part of this annual report on Form 10-K:



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

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

| Exhibit Number | Description |
|---|---|
| 2.1 | Securities Exchange and Distribution Agreement between Old FNF and the Registrant, dated as of June 25, 2006, as amended and restated as of September 18, 2006 (incorporated by reference to Annex A to the Registrant's Schedule 14C filed on September 19, 2006 |
| 2.2 | Agreement and Plan of Merger, dated as of May 28, 2013, among Fidelity National Financial, Inc., Lion Merger Sub, Inc. and Lender Processing Services, Inc. (incorporated by reference to Exhibit 2.1 to Fidelity National Financial, Inc.'s Current Report on Form 8-K, filed on May 28, 2013) |
| 2.3 | Reorganization Agreement, dated as of June 8, 2017, by and among Fidelity National Financial, Inc., Black Knight Holdings, Inc., and New BKH Corp. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on June 9, 2017) |
| 2.4 | Agreement and Plan of Merger, dated as of June 8, 2017, by and among Fidelity National Financial, Inc., New BKH Corp., Black Knight Financial Services, Inc., Black Knight Holdco Corp., New BKH Merger Sub, Inc., and BKFS Merger Sub, Inc. (incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed on June 9, 2017) |
| 2.5 | Reorganization Agreement, dated as of November 17, 2017, by and between Fidelity National Financial, Inc. and Cannae Holdings, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on November 20, 2017) |
| 3.1 | Fourth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the company's Current Report on Form 8-K filed on June 30, 2014) |
| 3.2 | Fourth Amended and Restated Bylaws of Fidelity National Financial, Inc., February 1, 2017 (incorporated by reference to Exhibit 3.1 to Fidelity National Financial, Inc.'s Current Report on Form 8-K, dated February 2, 2017) |
| 4.1 | Indenture between the Registrant and The Bank of New York Trust Company, N.A., dated December 8, 2005 (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2005) |
| 4.2 | First Supplemental Indenture between the Registrant and the Bank of New York Trust Company, N.A., dated as of January 6, 2006 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on January 24, 2006) |
| 4.3 | Second Supplemental Indenture, dated May 5, 2010, between the Registrant and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on May 5, 2010) |
| 4.4 | Third Supplemental Indenture, dated as of June 30, 2014, between the Registrant and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on June 30, 2014) |
| 4.5 | Form of Subordinated Indenture between the Registrant and the Bank of New York Trust Company, N.A. (incorporated by reference to Exhibit 4.2 (A) to the Registrant's Registration Statement on Form S-3 filed on November 14, 2007) |
| 4.6 | Form of 4.25% Convertible Senior Note due August 2018 (incorporated by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K filed on August 2, 2011) |
| 4.7 | Specimen certificate for shares of the Registrant's FNF Group common stock, par value $0.0001 per Share (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-4/A filed on May 5, 2014) |
| 10.1 | Fourth Amended and Restated Credit Agreement, dated as of April 27, 2017, by and among Fidelity National Financial, Inc., a Delaware corporation, as the borrower, Bank of America, N.A., as administrative agent, the other agents party thereto and the financial institutions party thereto as lenders (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on May 2, 2017) |
| 10.2 | Amended and Restated Fidelity National Financial, Inc. 2005 Omnibus Incentive Plan (incorporated by reference to Annex A to the Registrant's Schedule 14A filed on April 29, 2016) (1) |
| 10.3 | Fidelity National Financial, Inc. 2013 Employee Stock Purchase Plan (incorporated by reference to Annex D to the Registrant's Schedule 14A filed on May 9, 2014)(1) |
| 10.4 | Fidelity National Financial, Inc. Annual Incentive Plan (incorporated by reference to Annex B to the Registrant's Schedule 14A filed on April 29, 2016) (1) |
| 10.5 | Fidelity National Financial, Inc. Deferred Compensation Plan, as amended and restated, effective January 1, 2009 (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008) (1) |
| 10.6 | Form of Notice of FNF Group Restricted Stock Grant and FNF Group Restricted Stock Award Agreement under Amended and Restated Fidelity National Financial, Inc. 2005 Omnibus Incentive Plan for October 2015 Awards (1) (incorporated by reference to Exhibit 10.11 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2015) |

| Exhibit Number | Description |
|---|---|
| 10.7 | Form of Notice of FNF Group Stock Option Award and FNF Group Stock Option Award Agreement under Amended and Restated Fidelity National Financial, Inc. 2005 Omnibus Incentive Plan for October 2015 Awards (incorporated by reference to Exhibit 10.12 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2015)(1) |
| 10.8 | Form of Notice of Stock Option Award and Stock Option Award Agreement under Amended and Restated Fidelity National Financial, Inc. 2005 Omnibus Incentive Plan for November 2013 Awards (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013)(1) |
| 10.9 | Form of Notice of Stock Option Grant and Stock Option Award Agreement under Amended and Restated Fidelity National Financial, Inc. 2005 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012) (1) |
| 10.10 | Tax Disaffiliation Agreement by and among Old FNF, the Registrant and FIS, dated as of October 23, 2006 (incorporated by reference to Exhibit 99.1 to Old FNF's Form 8-K, filed on October 27, 2006) |
| 10.11 | Cross-Indemnity Agreement by and between the Registrant and FIS, dated as of October 23, 2006 (incorporated by reference to Exhibit 99.2 to Old FNF's Form 8-K, filed on October 27, 2006) |
| 10.12 | Amended and Restated Employment Agreement between the Registrant and Anthony J. Park, effective as of October 10, 2008 (incorporated by reference to Exhibit 10.11 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2008) (1) |
| 10.13 | Amendment effective February 4, 2010 to Amended and Restated Employment Agreement between the Registrant and Anthony J. Park, effective as of October 10, 2008 (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009) (1) |
| 10.14 | Amendment effective as of July 1, 2012 to Amended and Restated Employment Agreement between the Registrant and Brent B. Bickett (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012)(1) |
| 10.15 | Amendment effective as of January 1, 2012 to Amended and Restated Employment Agreement between the Registrant and Brent B. Bickett (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011)(1) |
| 10.16 | Amendment effective February 4, 2010 to Amended and Restated Employment Agreement between the Registrant and Brent B. Bickett (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009) |
| 10.17 | Amended and Restated Employment Agreement between the Registrant and Brent B. Bickett, effective July 2, 2008 (1) |
| 10.18 | Director Services Agreement between Fidelity National Financial, Inc. and William P. Foley, II (incorporated by reference to Exhibit 10.27 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2015) (1) |
| 10.19 | Amended and Restated Employment Agreement between the Registrant and Raymond R. Quirk, effective as of October 10, 2008 (1) (incorporated by reference to Exhibit 10.16 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2008) |
| 10.20 | Amendment effective February 4, 2010 to Amended and Restated Employment Agreement between the Registrant and Raymond R. Quirk, effective as of October 10, 2008 (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009) (1) |
| 10.21 | Amended and Restated Employment Agreement between the Registrant and Michael L. Gravelle, effective as of January 30, 2013 (incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012) (1) |
| 10.22 | Amendment No. 2 to Amended and Restated Employment Agreement between the Registrant and Michael L. Gravelle, effective as of March 1, 2015 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015) (1) |
| 10.23 | Amended and Restated Employment Agreement between the Registrant and Peter T. Sadowski, effective as of February 4, 2010 (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012) (1) |
| 10.24 | ServiceLink Holdings, LLC 2013 Management Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on January 15, 2014)(1) |
| 10.25 | Form of ServiceLink Holdings, LLC Unit Grant Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on January 15, 2014)(1) |
| 10.26 | ServiceLink Holdings, LLC Incentive Plan (incorporated by reference to Exhibit 10.6 to the to the Registrant's Current Report on Form 8-K filed on January 15, 2014) (1) |
| 10.27 | Amendment effective May 3, 2016 to Director Services Agreement between the Registrant and William P. Foley II (incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |

| Exhibit Number | Description |
|---|---|
| 10.28 | Amendment effective May 3, 2016 to Amended and Restated Employment Agreement between the Registrant and Raymond R. Quirk (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |
| 10.29 | Amendment effective May 3, 2016 to Amended and Restated Employment Agreement between the Registrant and Brent B. Bickett (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |
| 10.30 | Amendment effective May 3, 2016 to Amended and Restated Employment Agreement between the Registrant and Anthony J. Park (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |
| 10.31 | Amendment effective May 3, 2016 to Amended and Restated Employment Agreement between the Registrant and Michael L. Gravelle (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |
| 10.32 | Amendment effective May 3, 2016 to Amended and Restated Employment Agreement between the Registrant and Peter T. Sadowski (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |
| 10.33 | Employment Agreement between the Registrant and Michael Nolan effective March 2, 2016 (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |
| 10.34 | Amendment effective May 3, 2016 to Employment Agreement between the Registrant and Michael Nolan (incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |
| 10.35 | Employment Agreement between the Registrant and Roger Jewkes effective March 3, 2016 (incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |
| 10.36 | Amendment effective May 3, 2016 to Employment Agreement between the Registrant and Roger Jewkes (incorporated by reference to Exhibit 10.10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1) |
| 10.37 | Form of Notice of FNF Group Restricted Stock Grant and FNF Group Restricted Stock Award Agreement (Time-Based) under Amended and Restated Fidelity National Financial, Inc. 2005 Omnibus Incentive Plan for March 2016 Awards (incorporated by reference to Exhibit 10.58 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016) (1) |
| 10.38 | Form of Notice of FNF Group Restricted Stock Grant and FNF Group Restricted Stock Award Agreement under Amended and Restated Fidelity National Financial, Inc. 2005 Omnibus Incentive Plan for December 2016 Awards (incorporated by reference to Exhibit 10.59 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016)(1) |
| 10.39 | Form of Notice of FNF Group Restricted Stock Grant and FNF Group Restricted Stock Award Agreement under Amended and Restated Fidelity National Financial, Inc. 2005 Omnibus Incentive Plan for October 2017 Awards (1) |
| 10.40 | Tax Matters Agreement, dated as of November 17, 2017, by and between Fidelity National Financial, Inc. and Cannae Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 20, 2017) |
| 21.1 | Subsidiaries of the Registrant |
| 23.1 | Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm |
| 23.2 | Consent of KPMG LLP, Independent Registered Public Accounting Firm |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification by Chief Executive Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 |
| 32.2 | Certification by Chief Financial Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 |
| 101 | The following materials from Fidelity National Financial, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Earnings, (iii) the Consolidated Statements of Comprehensive Earnings, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements. |

(1) A management or compensatory plan or arrangement required to be filed as an exhibit to this report pursuant to Item 15(c) of Form 10-K

## SIGNATURES

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

Fidelity National Financial, Inc.

By: */s/ Raymond R. Quirk*

Raymond R. Quirk

Chief Executive Officer and Director

Date: February 23, 2018

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

| Signature | Title | Date |
|---|---|---|
| */s/ Raymond R. Quirk*<br>Raymond R. Quirk | Chief Executive Officer and Director<br>(Principal Executive Officer) | February 23, 2018 |
| */s/ Anthony J. Park*<br>Anthony J. Park | Chief Financial Officer<br>(Principal Financial and Accounting Officer) | February 23, 2018 |
| */s/ William P. Foley, II*<br>William P. Foley, II | Director and Chairman of the Board | February 23, 2018 |
| */s/ Douglas K. Ammerman*<br>Douglas K. Ammerman | Director | February 23, 2018 |
| */s/ Willie D. Davis*<br>Willie D. Davis | Director | February 23, 2018 |
| */s/ Thomas M. Hagerty*<br>Thomas M. Hagerty | Director | February 23, 2018 |
| */s/ Janet E. Kerr*<br>Janet E. Kerr | Director | February 23, 2018 |
| */s/ Daniel D. (Ron) Lane*<br>Daniel D. (Ron) Lane | Director | February 23, 2018 |
| */s/ Richard N. Massey*<br>Richard N. Massey | Director | February 23, 2018 |
| */s/ Heather H. Murren*<br>Heather H. Murren | Director | February 23, 2018 |
| */s/ John D. Rood*<br>John D. Rood | Director | February 23, 2018 |
| */s/ Peter O. Shea, Jr.*<br>Peter O. Shea, Jr. | Director | February 23, 2018 |
| */s/ Cary H. Thompson*<br>Cary H. Thompson | Director | February 23, 2018 |

**SCHEDULE II**

## FIDELITY NATIONAL FINANCIAL, INC.
## (Parent Company)

## BALANCE SHEETS

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (In millions, except share data) | |
| **ASSETS** | | |
| Cash | $ 230 | $ 246 |
| Short term investments | 85 | 1 |
| Equity securities available for sale, at fair value | 1 | — |
| Investment in unconsolidated affiliates | 13 | 7 |
| Notes receivable | 576 | 622 |
| Investments in and amounts due from subsidiaries | 4,672 | 4,253 |
| Property and equipment, net | 4 | 4 |
| Prepaid expenses and other assets | 1 | 3 |
| Investments in discontinued subsidiaries | — | 2,581 |
| Total assets | $ 5,582 | $ 7,717 |
| **LIABILITIES AND EQUITY** | | |
| Liabilities: | | |
| Accounts payable and other accrued liabilities | $ 72 | $ 42 |
| Income taxes payable | 137 | 65 |
| Deferred tax liability | 169 | 629 |
| Notes payable | 757 | 985 |
| Total liabilities | 1,135 | 1,721 |
| Equity: | | |
| FNF Group common stock, $0.0001 par value; authorized 487,000,000 shares as of December 31, 2017 and 2016; outstanding of 274,431,737 and 272,205,261 as of December 31, 2017 and 2016, respectively; and issued of 287,718,304 and 285,041,900 as of December 31, 2017 and 2016, respectively | — | — |
| FNFV Group common stock, $0.0001 par value; authorized 113,000,000 shares as of December 31, 2016, outstanding of 66,416,822 as of December 31, 2016, and issued of 80,581,675 as of December 31, 2016, see Note G | — | — |
| Additional paid-in capital | 4,587 | 4,848 |
| Retained earnings | 217 | 1,784 |
| Accumulated other comprehensive loss | 111 | (13) |
| Less: Treasury stock, 13,286,567 shares and 27,001,492 shares as of December 31, 2017 and 2016, respectively, at cost | (468) | (623) |
| Total equity of Fidelity National Financial, Inc. common shareholders | 4,447 | 5,996 |
| Total liabilities and equity | $ 5,582 | $ 7,717 |

See Notes to Financial Statements

SCHEDULE II

**FIDELITY NATIONAL FINANCIAL, INC.**
**(Parent Company)**

**STATEMENTS OF EARNINGS AND RETAINED EARNINGS**

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2017** | **2016** | **2015** |
| | (In millions, except per share data) | | |
| **Revenues:** | | | |
| Other fees and revenue | $ 1 | $ 4 | $ 3 |
| Interest and investment income and realized gains | 24 | 24 | 86 |
| Total revenues | 25 | 28 | 89 |
| **Expenses:** | | | |
| Personnel expenses | 32 | 26 | 28 |
| Other operating expenses | 8 | 6 | 1 |
| Interest expense | 48 | 64 | 74 |
| Total expenses | 88 | 96 | 103 |
| Losses before income tax benefit and equity in earnings of subsidiaries | (63) | (68) | (14) |
| Income tax benefit | (17) | (24) | (5) |
| Losses before equity in earnings of subsidiaries | (46) | (44) | (9) |
| Equity in earnings of subsidiaries | 685 | 671 | 520 |
| Earnings from continuing operations | 639 | 627 | 511 |
| Equity in earnings of discontinued operations | 132 | 23 | 16 |
| Net earnings attributable to Fidelity National Financial, Inc. common shareholders | $ 771 | $ 650 | $ 527 |
| | | | |
| Retained earnings, beginning of year | $ 1,784 | $ 1,374 | $ 1,150 |
| Dividends declared | (279) | (240) | (222) |
| Distribution of Black Knight to FNF common shareholders | (823) | — | — |
| Redemption of FNFV tracking stock and distribution of Cannae Holdings, Inc. common stock to holders of FNFV tracking stock | (1,236) | — | — |
| Distribution of J. Alexander's to FNFV Group common shareholders | — | — | (81) |
| Net earnings attributable to Fidelity National Financial, Inc. common shareholders | 771 | 650 | 527 |
| Retained earnings, end of year | $ 217 | $ 1,784 | $ 1,374 |

See Notes to Financial Statements

SCHEDULE II

**FIDELITY NATIONAL FINANCIAL, INC.**
**(Parent Company)**
**STATEMENTS OF CASH FLOWS**

| | Year Ended December 31, 2017 | 2016 | 2015 |
|---|---|---|---|
| | (In millions) | | |
| **Cash Flows From Operating Activities:** | | | |
| Net earnings | $ 771 | $ 650 | $ 527 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | |
| Equity in earnings of unconsolidated affiliates | — | (2) | — |
| Impairment of assets | — | 3 | — |
| Equity in earnings of subsidiaries | (817) | (694) | (536) |
| Depreciation and amortization | — | 1 | 2 |
| Stock-based compensation | 34 | 36 | 38 |
| Net change in income taxes | (130) | 29 | 17 |
| Net decrease (increase) in prepaid expenses and other assets | 18 | 26 | (25) |
| Net increase (decrease) in accounts payable and other accrued liabilities | 17 | (13) | 2 |
| Net cash (used in) provided by operating activities | (107) | 36 | 25 |
| **Cash Flows From Investing Activities:** | | | |
| Purchases of investments available for sale | (1) | — | — |
| Net (purchases of) proceeds from short-term investment activities | (84) | 162 | (163) |
| Additions to notes receivable | (13) | (24) | (28) |
| Collection of notes receivable | 49 | 22 | 1,542 |
| Distributions from unconsolidated affiliates | 1 | 2 | — |
| Additional investments in unconsolidated affiliates | (2) | (8) | — |
| Net cash (used in) provided by investing activities | (50) | 154 | 1,351 |
| **Cash Flows From Financing Activities:** | | | |
| Borrowings | 296 | — | — |
| Debt service payments | (530) | (2) | (1,100) |
| Equity portion of debt conversions paid in cash | (317) | (2) | — |
| Dividends paid | (278) | (240) | (220) |
| Purchases of treasury stock | (23) | (268) | (506) |
| Exercise of stock options | 31 | 19 | 26 |
| Payment for shares withheld for taxes and in treasury | (18) | (9) | (13) |
| Cash transferred in the Black Knight spin-off | (87) | — | — |
| Cash transferred in the FNFV split-off | (22) | — | — |
| Other financing activity | (1) | — | (15) |
| Net dividends from subsidiaries | 1,090 | 265 | 594 |
| Net cash provided by (used in) financing activities | 141 | (237) | (1,234) |
| Net change in cash and cash equivalents | (16) | (47) | 142 |
| Cash at beginning of year | 246 | 293 | 151 |
| Cash at end of year | $ 230 | $ 246 | $ 293 |

See Notes to Financial Statements

SCHEDULE II

**FIDELITY NATIONAL FINANCIAL, INC.**
**(Parent Company)**

## NOTES TO FINANCIAL STATEMENTS

### A. Summary of Significant Accounting Policies

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

### B. Notes Payable

Notes payable consist of the following:

| | December 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (In millions) | |
| Unsecured notes, net of discount, interest payable semi-annually at 5.50%, due September 2022 | $ 397 | $ 397 |
| Unsecured convertible notes, net of discount, interest payable semi-annually at 4.25%, due August 2018 | 65 | 291 |
| Unsecured notes, net of discount, interest payable semi-annually at 6.60%, due May 2017 | — | 300 |
| Revolving Credit Facility, unsecured, unused portion of $500 at December 31, 2017, due April 2022 with interest payable monthly at LIBOR + 1.40% (2.76% at December 31, 2017) | 295 | (3) |
| | $ 757 | $ 985 |

### C. Supplemental Cash Flow Information

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| | | (In millions) | |
| Cash paid during the year: | | | |
| Interest paid | $ 54 | $ 63 | $ 72 |
| Income tax payments | 528 | 367 | 250 |

### D. Cash Dividends Received

We have received cash dividends from subsidiaries and affiliates of $0.8 billion, $0.4 billion, and $0.2 billion during the years ended December 31, 2017, 2016, and 2015, respectively.

SCHEDULE V

**FIDELITY NATIONAL FINANCIAL, INC. AND SUBSIDIARIES**
**VALUATION AND QUALIFYING ACCOUNTS**

**Years Ended December 31, 2017, 2016 and 2015**

| Column A | Column B | Column C | | Column D | Column E |
|---|---|---|---|---|---|
| | | Additions | | | |
| Description | Balance at Beginning of Period | Charge to Costs and Expenses | Other (Described) | Deduction (Described) | Balance at End of Period |
| | | (In millions) | | | |
| Year ended December 31, 2017: | | | | | |
| Reserve for claim losses | $ 1,487 | $ 238 | $ (4) (1) | $ 231 (2) | $ 1,490 |
| Year ended December 31, 2016: | | | | | |
| Reserve for claim losses | $ 1,583 | $ 157 | $ (8) (1) | $ 245 (2) | $ 1,487 |
| Year ended December 31, 2015: | | | | | |
| Reserve for claim losses | $ 1,621 | $ 246 | $ 1 (1) | $ 285 (2) | $ 1,583 |

(1) Represents the change in reinsurance recoverable.
(2) Represents payments of claim losses, net of recoupments.

See Accompanying Report of Independent Registered Public Accounting Firm

# AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") is effective as of July 2, 2008 (the "Effective Date"), by and between **FIDELITY NATIONAL FINANCIAL, INC.**, a Delaware corporation (the "Company"), and **BRENT B. BICKETT** (the "Employee"). In consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Purpose. This Agreement amends and restates, in its entirety, the obligations of the parties under the agreement between the Company and the Employee, dated as of October 24, 2006 (the "Prior Agreement"). The purpose of this Agreement is to recognize the Employee's significant contributions to the overall financial performance and success of the Company and to provide a single, integrated document which shall provide the basis for the Employee's continued employment by the Company.

2. Employment and Duties. Subject to the terms and conditions of this Agreement, the Company employs the Employee to serve in an executive capacity as Executive Vice President, Corporate Finance. The Employee accepts such employment and agrees to undertake and discharge the duties, functions and responsibilities commensurate with the aforesaid position and such other duties and responsibilities as may be prescribed from time to time by the Chief Executive Officer (the "CEO") or the Board of Directors of the Company (the "Board"). Except as expressly provided in Subsection 13(c), the Employee shall devote substantially all of his business time, attention and effort to the performance of his duties hereunder and shall not engage in any business, profession or occupation, for compensation or otherwise without the express written consent of the CEO, other than personal, personal investment, charitable, or civic activities or other matters that do not conflict with the Employee's duties.

3. Term. The term of this Agreement shall commence on the Effective Date and shall continue for a period of three (3) years ending on the third anniversary of the Effective Date or, if later, ending on the last day of any extension made pursuant to the next sentence, subject to prior termination as set forth in Section 8 (such term, including any extensions pursuant to the next sentence, the "Employment Term"). The Employment Term shall be extended automatically for one (1) additional year on the first anniversary of the Effective Date and for an additional year each anniversary thereafter unless and until either party gives written notice to the other not to extend the Employment Term before such extension would be effectuated. Notwithstanding any termination of the Employment Term or the Employee's employment, the Employee and the Company agree that Sections 8 through 10 shall remain in effect until all parties' obligations and benefits are satisfied thereunder.

4. Salary. During the Employment Term, the Company shall pay the Employee an annual base salary, before deducting all applicable withholdings, of no less than $168,500 per year, payable at the time and in the manner dictated by the Company's standard payroll policies. Such minimum annual base salary may be periodically reviewed and increased (but not decreased without the Employee's express written consent) at the discretion of the Board or the Compensation Committee of the Board (the "Committee") to reflect, among other matters, cost of living increases and performance results (such annual base salary, including any increases pursuant to this Section 4, the "Annual Base Salary").

5. Other Compensation and Fringe Benefits. In addition to any executive bonus, pension, deferred compensation and long-term incentive plans which the Company or an affiliate of the Company may from time to time make available to the Employee, the Employee shall be entitled to the following during the Employment Term:

(a) the standard Company benefits enjoyed by the Company's other top executives as a group;

(b) medical and other insurance coverage (for the Employee and any covered dependents) provided by the Company to its other top executives as a group;

(c) supplemental disability insurance sufficient to provide two-thirds of the Employee's pre-disability Annual Base Salary;

(d) an annual incentive bonus opportunity under the Company's annual incentive plan ("Annual Bonus Plan") for each calendar year included in the Employment Term, with such opportunity to be earned based upon attainment of performance objectives established by the Committee ("Annual Bonus"). The Employee's target Annual Bonus under the Annual Bonus Plan shall be no less than 150% of the Employee's Annual Base Salary (collectively, the target and maximum are referred to as the "Annual Bonus Opportunity"). The Employee's

Annual Bonus Opportunity may be periodically reviewed and increased (but not decreased without the Employee's express written consent) at the discretion of the Committee. The Annual Bonus shall be paid no later than the March 15th first following the calendar year to which the Annual Bonus relates. Unless provided otherwise herein or the Board determines otherwise, no Annual Bonus shall be paid to the Employee unless the Employee is employed by the Company, or an affiliate thereof, on the Annual Bonus payment date; and

(e) participation in the Company's equity incentive plans.

6. Vacation. For and during each calendar year within the Employment Term, the Employee shall be entitled to reasonable paid vacation periods consistent with the Employee's position and in accordance with the Company's standard policies, or as the Board may approve. In addition, the Employee shall be entitled to such holidays consistent with the Company's standard policies or as the Board or the Committee may approve.

7. Expense Reimbursement. In addition to the compensation and benefits provided herein, the Company shall, upon receipt of appropriate documentation, reimburse the Employee each month for his reasonable travel, lodging, entertainment, promotion and other ordinary and necessary business expenses to the extent such reimbursement is permitted under the Company's expense reimbursement policy.

8. Termination of Employment. The Company or the Employee may terminate the Employee's employment at any time and for any reason in accordance with Subsection 8(a) below. The Employment Term shall be deemed to have ended on the last day of the Employee's employment. The Employment Term shall terminate automatically upon the Employee's death.

(a) Notice of Termination. Any purported termination of the Employee's employment (other than by reason of death) shall be communicated by written Notice of Termination (as defined herein) from one party to the other in accordance with the notice provisions contained in Section 25. For purposes of this Agreement, a "Notice of Termination" shall mean a notice that indicates the Date of Termination (as that term is defined in Subsection 8(b)) and, with respect to a termination due to Disability (as that term is defined in Subsection 8(e)), Cause (as that term is defined in Subsection 8(d)), or Good Reason (as that term is defined in Subsection 8(f)), sets forth in reasonable detail the facts and circumstances that are alleged to provide a basis for such termination. A Notice of Termination from the Company shall specify whether the termination is with or without Cause or due to the Employee's Disability. A Notice of Termination from the Employee shall specify whether the termination is with or without Good Reason.

(b) Date of Termination. For purposes of this Agreement, "Date of Termination" shall mean the date specified in the Notice of Termination (but in no event shall such date be earlier than the thirtieth (30th) day following the date the Notice of Termination is given) or the date of the Employee's death.

(c) No Waiver. The failure to set forth any fact or circumstance in a Notice of Termination, which fact or circumstance was not known to the party giving the Notice of Termination when the notice was given, shall not constitute a waiver of the right to assert such fact or circumstance in an attempt to enforce any right under or provision of this Agreement.

(d) Cause. For purposes of this Agreement, a termination for "Cause" means a termination by the Company based upon the Employee's: (i) persistent failure to perform duties consistent with a commercially reasonable standard of care (other than due to a physical or mental impairment or due to an action or inaction directed by the Company that would otherwise constitute Good Reason); (ii) willful neglect of duties (other than due to a physical or mental impairment or due to an action or inaction directed by the Company that would otherwise constitute Good Reason); (iii) conviction of, or pleading nolo contendere to, criminal or other illegal activities involving dishonesty; (iv) material breach of this Agreement; or (v) failure to materially cooperate with or impeding an investigation authorized by the Board. The Employee's termination for Cause shall be effective when and if a resolution is duly adopted by an affirmative vote of at least ¾ of the Board (less the Employee), stating that, in the good faith opinion of the Board, the Employee is guilty of the conduct described in the Notice of Termination and such conduct constitutes Cause under this Agreement; provided, however, that the Employee shall have been given reasonable opportunity (A) to cure any act or omission that constitutes Cause if capable of cure and (B), together with counsel, during the thirty (30) day period following the receipt by the Employee of the Notice of Termination and prior to the adoption of the Board's resolution, to be heard by the Board.

(e) Disability. For purposes of this Agreement, a termination based upon "Disability" means a termination by the Company based upon the Employee's entitlement to long-term disability benefits under the Company's long-term disability plan or policy, as the case may be, as in effect on the Date of Termination.

(f) Good Reason. For purposes of this Agreement, a termination for "Good Reason" means a termination by the Employee during the Employment Term based upon the occurrence (without the Employee's express written consent) of any of the following:

(i) a material diminution in the Employee's position or title, or the assignment of duties to the Employee that are materially inconsistent with the Employee's position or title;

(ii) a material diminution in the Employee's Annual Base Salary or Annual Bonus Opportunity;

(iii) within six (6) months immediately preceding or within two (2) years immediately following a Change in Control: (A) a material adverse change in the Employee's status, authority or responsibility (*e.g.*, the Company has determined that a change in the department or functional group over which the Employee has managerial authority would constitute such a material adverse change); (B) a material adverse change in the position to whom the Employee reports (including any requirement that the Employee report to a corporate officer or employee instead of reporting directly to the CEO) or to the Employee's service relationship (or the conditions under which the Employee performs his duties) as a result of such reporting structure change, or a material diminution in the authority, duties or responsibilities of the position to whom the Employee reports; (C) a material diminution in the budget over which the Employee has managing authority; or (D) a material change in the geographic location of the Employee's principal place of employment (*e.g.*, the Company has determined that a relocation of more than thirty-five (35) miles would constitute such a material change); or

(iv) a material breach by the Company of any of its obligations under this Agreement.

Notwithstanding the foregoing, the Employee being placed on a paid leave for up to sixty (60) days pending a determination of whether there is a basis to terminate the Employee for Cause shall not constitute Good Reason. The Employee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder; provided, however, that no such event described above shall constitute Good Reason unless: (1) the Employee gives Notice of Termination to the Company specifying the condition or event relied upon for such termination either: (x) within ninety (90) days of the initial existence of such event; or (y) in the case of an event predating a Change in Control, within ninety (90) days of the Change in Control; and (2) the Company fails to cure the condition or event constituting Good Reason within thirty (30) days following receipt of the Employee's Notice of Termination.

9. Obligations of the Company Upon Termination.

(a) Termination by the Company for a Reason Other than Cause, Death or Disability and Termination by the Employee for Good Reason. If the Employee's employment is terminated by: (1) the Company for any reason other than Cause, Death or Disability; or (2) the Employee for Good Reason:

(i) the Company shall pay the Employee the following (collectively, the "Accrued Obligations"): (A) within five (5) business days after the Date of Termination, any earned but unpaid Annual Base Salary; (B) within a reasonable time following submission of all applicable documentation, any expense reimbursement payments owed to the Employee for expenses incurred prior to the Date of Termination; and (C) no later than March 15$^{th}$ of the year in which the Date of Termination occurs, any earned but unpaid Annual Bonus payments relating to the prior calendar year;

(ii) the Company shall pay the Employee no later than March 15$^{th}$ of the calendar year following the year in which the Date of Termination occurs, a prorated Annual Bonus based upon the actual Annual Bonus that would have been earned by the Employee for the year in which the Date of Termination occurs (based upon the target Annual Bonus Opportunity in the year in which the Date of Termination occurred, or the prior year if no target Annual Bonus Opportunity has yet been determined, and the actual satisfaction of the applicable performance measures, but ignoring any requirement under the Annual Bonus plan that the Employee must be employed on the payment date) multiplied by the percentage of the calendar year completed before the Date of Termination;

(iii) the Company shall pay the Employee, no later than the sixty-fifth (65$^{th}$) calendar day after the Date of Termination, a lump-sum payment equal to 200% of the sum of: (A) the Employee's Annual Base Salary in effect immediately prior to the Date of Termination (disregarding any reduction in Annual Base Salary to which the Employee did not expressly consent in writing); and (B) the highest Annual Bonus paid to the Employee by the Company within the three (3) years preceding his termination of employment or, if higher, the target Annual Bonus Opportunity in the year in which the Date of Termination occurs;

(iv) all stock option, restricted stock and other equity-based incentive awards granted by the Company that were outstanding but not vested as of the Date of Termination shall become immediately vested and/or payable, as the case may be, unless the equity incentive awards are based upon satisfaction of performance criteria (not based solely on the passage of time); in which case, they will only vest pursuant to their express terms; and

(v) the Company shall provide the Employee with certain continued welfare benefits as follows:

(A) Any life insurance coverage provided by the Company shall terminate at the same time as life insurance coverage would normally terminate for any other employee that terminates employment with the Company, and the Employee shall have the right to convert that life insurance coverage to an individual policy under the regular rules of the Company's group policy. In addition, if the Employee is covered under or receives life insurance coverage provided by the Company on the Date of Termination, then within thirty (30) business days after the Date of Termination, the Company shall pay the Employee a lump sum cash payment equal to thirty-six (36) monthly life insurance premiums based on the monthly premiums that would be due assuming that the Employee had converted his Company life insurance coverage that was in effect on the Notice of Termination into an individual policy.

(B) As long as the Employee pays the full monthly premiums for COBRA coverage, the Company shall provide the Employee and, as applicable, the Employee's eligible dependents with continued medical and dental coverage, on the same basis as provided to the Company's active executives and their dependents until the earlier of: (i) three (3) years after the Date of Termination; or (ii) the date the Employee is first eligible for medical and dental coverage (without pre-existing condition limitations) with a subsequent employer. In addition, within thirty (30) business days after the Date of Termination, the Company shall pay the Employee a lump sum cash payment equal to thirty-six (36) monthly medical and dental COBRA premiums based on the level of coverage in effect for the Employee (*e.g.*, employee only or family coverage) on the Date of Termination.

(b) Termination by the Company for Cause and by the Employee without Good Reason. If the Employee's employment is terminated (i) by the Company for Cause or (ii) by the Employee without Good Reason, the Company's only obligation under this Agreement shall be payment of any Accrued Obligations.

(c) Termination due to Death or Disability. If the Employee's employment is terminated due to death or Disability, the Company shall pay the Employee (or to the Employee's estate or personal representative in the case of death), within thirty (30) business days after the Date of Termination: (i) any Accrued Obligations, plus (ii) a prorated Annual Bonus based upon the target Annual Bonus opportunity in the year in which the Date of Termination occurred (or the prior year if no target Annual Bonus Opportunity has yet been determined) multiplied by the percentage of the calendar year completed before the Date of Termination.

(d) Definition of Change in Control. For purposes of this Agreement, the term "Change in Control" shall mean that the conditions set forth in any one of the following subsections shall have been satisfied:

(i) the acquisition, directly or indirectly, by any "person" (within the meaning of Section 3(a)(9) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act") and used in Sections 13(d) and 14(d) thereof) of "beneficial ownership" (within the meaning of Rule 13d-3 of the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of all outstanding securities of the Company;

(ii) a merger or consolidation in which the Company is not the surviving entity, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such merger or consolidation hold, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the surviving entity immediately after such merger or consolidation;

(iii) a reverse merger in which the Company is the surviving entity but in which securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the Company are transferred to or acquired by a person or persons different from the persons holding those securities immediately prior to such merger;

(iv) during any period of two (2) consecutive years during the Employment Term or any extensions thereof, individuals, who, at the beginning of such period, constitute the Board, cease for any reason to constitute at least a majority thereof, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least two-thirds of the directors then in office who were directors at the beginning of the period;

(v) the sale, transfer or other disposition (in one transaction or a series of related transactions) of assets of the Company that have a total fair market value equal to or more than one-third of the total fair market value of all of the assets of the Company immediately prior to such sale, transfer or other disposition, other than a sale, transfer or other disposition to an entity (A) which immediately following such sale, transfer or other disposition owns, directly or indirectly, at least fifty percent (50%) of the Company's outstanding voting securities or (B) fifty percent (50%) or more of whose outstanding voting securities is immediately following such sale, transfer or other disposition owned, directly or indirectly, by the Company. For purposes of the foregoing clause, the sale of stock of a subsidiary of the Company (or the assets of such subsidiary) shall be treated as a sale of assets of the Company; or

(vi) the approval by the stockholders of a plan or proposal for the liquidation or dissolution of the Company.

(e) Six-Month Delay. To the extent the Employee is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code and the regulations and other guidance promulgated thereunder and any elections made by the Company in accordance therewith, notwithstanding the timing of payment provided in any other Section of this Agreement, no payment, distribution or benefit under this Agreement that constitutes a distribution of deferred compensation (within the meaning of Treasury Regulation Section 1.409A-1(b)) upon separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), after taking into account all available exemptions, that would otherwise be payable during the six (6) month period after separation from service, will be made during such six (6) month period, and any such payment, distribution or benefit will instead be paid on the first business day after such six (6) month period.

10. Excise Tax Gross-up Payments.

(a) If any payments or benefits paid or provided or to be paid or provided to the Employee or for his benefit pursuant to the terms of this Agreement or otherwise in connection with, or arising out of, his employment with the Company or its subsidiaries or the termination thereof (a "Payment" and, collectively, the "Payments") would be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, then, except as otherwise provided in this Subsection 10(a), the Employee will be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Employee of all income taxes, all employment taxes and any Excise Tax imposed upon the Gross-Up Payment (including any related interest and penalties), the Employee retains an amount of the Gross-Up Payment equal to the Excise Tax (including any related interest and penalties) imposed upon the Payments. Notwithstanding the foregoing, if the amount of the Payments does not exceed by more than three percent (3%) the amount that would be payable to the Employee if the Payments were reduced to one dollar less than what would constitute a "parachute payment" under Section 280G of the Code (the "Scaled Back Amount"), then the Payments shall be reduced, in a manner determined by the Employee, to the Scaled Back Amount, and the Employee shall not be entitled to any Gross-Up Payment.

(b) An initial determination of (i) whether a Gross-Up Payment is required pursuant to this Agreement, and, if applicable, the amount of such Gross-Up Payment or (ii) whether the Payments must be reduced to the Scaled Back Amount and, if so, the amount of such reduction, will be made at the Company's expense by an accounting firm selected by the Company. The accounting firm will provide its determination, together with detailed supporting calculations and documentation, to the Company and the Employee within ten (10) business days after the date of termination of the Employee's employment, or such other time as may be reasonably requested by the Company or the Employee. If the accounting firm determines that no Excise Tax is payable by the

Employee with respect to a Payment or Payments, it will furnish the Employee with an opinion to that effect. If a Gross-Up Payment becomes payable, such Gross-Up Payment will be paid by the Company to the Employee within thirty (30) business days of the receipt of the accounting firm's determination. If a reduction in Payments is required, such reduction shall be effectuated within thirty (30) business days of the receipt of the accounting firm's determination. Within ten (10) business days after the accounting firm delivers its determination to the Employee, the Employee will have the right to dispute the determination. The existence of a dispute will not in any way affect the Employee's right to receive a Gross-Up Payment in accordance with the determination. If there is no dispute, the determination will be binding, final, and conclusive upon the Company and the Employee. If there is a dispute, the Company and the Employee will together select a second accounting firm, which will review the determination and the Employee's basis for the dispute and then will render its own determination, which will be binding, final, and conclusive on the Company and on the Employee for purposes of determining whether a Gross-Up Payment is required pursuant to this Subsection 10(b) or whether a reduction to the Scaled Back Amount is required, as the case may be. If as a result of any dispute pursuant to this Subsection 10(b) a Gross-Up Payment is made or additional Gross-Up Payments are made, such Gross-Up Payment(s) will be paid by the Company to the Employee within thirty (30) business days of the receipt of the second accounting firm's determination. The Company will bear all costs associated with the second accounting firm's determination, unless such determination does not result in additional Gross-Up Payments to the Employee or unless such determination does not mitigate the reduction in Payments required to arrive at the Scaled Back Amount, in which case all such costs will be borne by the Employee.

(c) For purposes of determining the amount of the Gross-Up Payment and, if applicable, the Scaled Back Amount, the Employee will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made or the Scaled Back Amount is determined, as the case may be, and applicable state and local income taxes at the highest marginal rate of taxation in the state and locality of the Employee's residence on the date of termination of the Employee's employment, net of the maximum reduction in federal income taxes that would be obtained from deduction of those state and local taxes.

(d) As a result of the uncertainty in the application of Section 4999 of the Code, it is possible that Gross-Up Payments which will not have been made by the Company should have been made, the Employee's Payments will be reduced to the Scaled Back Amount when they should not have been or the Employee's Payments are reduced to a greater extent than they should have been (an "Underpayment") or Gross-Up Payments are made by the Company which should not have been made, the Employee's Payments are not reduced to the Scaled Back Amount when they should have been or they are not reduced to the extent they should have been (an "Overpayment"). If it is determined that an Underpayment has occurred, the accounting firm shall determine the amount of the Underpayment that has occurred and any such Underpayment (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) shall be promptly paid by the Company to or for the benefit of the Employee. If it is determined that an Overpayment has occurred, the accounting firm shall determine the amount of the Overpayment that has occurred and any such Overpayment (together with interest at the rate provided in Section 1274(b)(2) of the Code) shall be promptly paid by the Employee (to the extent he has received a refund if the applicable Excise Tax has been paid to the Internal Revenue Service) to or for the benefit of the Company; provided, however, that if the Company determines that such repayment obligation would be or result in an unlawful extension of credit under Section 13(k) of the Exchange Act, repayment shall not be required. The Employee shall cooperate, to the extent his expenses are reimbursed by the Company, with any reasonable requests by the Company in connection with any contest or disputes with the Internal Revenue Service in connection with the Excise Tax.

(e) The Employee shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require a payment resulting in an Underpayment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Employee is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Employee shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which he gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Employee in writing prior to the expiration of such period that it desires to contest such claim, the Employee shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order to effectively contest such claim, and

(iv) permit the Company to participate in any proceeding relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Employee harmless, on an after-tax basis, for any Excise Tax or income tax (including related interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Subsection 10(e), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Employee to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Employee agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Employee to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Employee, on an interest-free basis and shall indemnify and hold the Employee harmless, on an after-tax basis, from any Excise Tax or income tax (including related interest or penalties) imposed with respect to such advance or with respect to any imputed income with respect to such advance. The Company's control of the contest shall be limited to issues that may impact Gross-Up Payments or reduction in Payments under this Section 10, and the Employee shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(f) If, after the receipt by the Employee of an amount advanced by the Company pursuant to Subsection 10(e), the Employee becomes entitled to receive any refund with respect to such claim, the Employee shall (subject to the Company's complying with the requirements of Subsection 10(e)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Employee of an amount advanced by the Company pursuant to Subsection 10(e), a determination is made that the Employee shall not be entitled to any refund with respect to such claim and the Company does not notify the Employee in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid.

(g) Any payment under this Section 10 must be made by the Company no later than the end of the Employee's tax year following the Employee's tax year in which the Employee remits the related tax payments.

11. Non-Delegation of the Employee's Rights. The obligations, rights and benefits of the Employee hereunder are personal and may not be delegated, assigned or transferred in any manner whatsoever, nor are such obligations, rights or benefits subject to involuntary alienation, assignment or transfer.

12. Confidential Information. The Employee acknowledges that he will occupy a position of trust and confidence and will have access to and learn substantial information about the Company and its affiliates and their operations that is confidential or not generally known in the industry including, without limitation, information that relates to purchasing, sales, customers, marketing, and the financial positions and financing arrangements of the Company and its affiliates. The Employee agrees that all such information is proprietary or confidential, or constitutes trade secrets and is the sole property of the Company and/or its affiliates, as the case may be. The Employee will keep confidential, and will not reproduce, copy or disclose to any other person or firm, any such information or any documents or information relating to the Company's or its affiliates' methods, processes, customers, accounts, analyses, systems, charts, programs, procedures, correspondence or records, or any other documents used or owned by the Company or any of its affiliates, nor will the Employee advise, discuss with or in any way assist any other person, firm or entity in obtaining or learning about any of the items described in this Section 12. Accordingly, the Employee agrees that during the Employment Term and at all times thereafter he will not disclose, or permit or encourage anyone else to disclose, any such information, nor will he utilize any such information, either alone or with others, outside the scope of his duties and responsibilities with the Company and its affiliates.

13. Non-Competition.

(a) During Employment Term. The Employee agrees that, during the Employment Term, he will devote such business time, attention and energies reasonably necessary to the diligent and faithful performance of the services to the Company and its affiliates, and he will not engage in any way whatsoever, directly or indirectly, in any business that is a direct competitor with the Company's or its affiliates' principal business, nor solicit customers, suppliers or employees of the Company or affiliates on behalf of, or in any other manner work for or assist any business which is a direct competitor with the Company's or its affiliates' principal business. In addition, during the Employment Term, the Employee will undertake no planning for or organization of any business activity competitive with the work he performs as an employee of the Company, and the Employee will not combine or conspire with any other employee of the Company or any other person for the purpose of organizing any such competitive business activity.

(b) After Employment Term. The parties acknowledge that the Employee will acquire substantial knowledge and information concerning the business of the Company and its affiliates as a result of his employment. The parties further acknowledge that the scope of business in which the Company and its affiliates are engaged as of the Effective Date is national and very competitive and one in which few companies can successfully compete. Competition by the Employee in that business after the Employment Term would severely injure the Company and its affiliates. Accordingly, for a period of one (1) year after the Employee's employment terminates for any reason whatsoever, except as otherwise stated herein below, the Employee agrees: (i) not to become an employee, consultant, advisor, principal, partner or substantial shareholder of any firm or business that directly competes with the Company or its affiliates in their principal products and markets; and (ii), on behalf of any such competitive firm or business, not to solicit any person or business that was at the time of such termination and remains a customer or prospective customer, a supplier or prospective supplier, or an employee of the Company or an affiliate. Notwithstanding any of the foregoing provisions to the contrary, the Employee shall not be subject to the restrictions set forth in this Subsection 13(b) if: (A) the Employee's employment is terminated by the Company without Cause; (B) the Employee terminates employment for Good Reason; or (C) the Employee's employment is terminated as a result of the Company's unwillingness to extend the Employment Term.

(c) Exclusion. Working, directly or indirectly, for any of the following entities shall not be considered competitive to the Company or its affiliates for the purpose of this Section 13: (i) Fidelity National Information Services, Inc., its affiliates or their successors; (ii) Lender Processing Services, Inc., its affiliates or their successors; or (iii) the Company, its affiliates or their successors if this Agreement is assumed by a third party as contemplated in Section 21.

14. Return of Company Documents. Upon termination of the Employment Term, the Employee shall return immediately to the Company all records and documents of or pertaining to the Company or its affiliates and shall not make or retain any copy or extract of any such record or document, or any other property of the Company or its affiliates.

15. Improvements and Inventions. Any and all improvements or inventions that the Employee may make or participate in during the Employment Term, unless wholly unrelated to the business of the Company and its affiliates and not produced within the scope of the Employee's employment hereunder, shall be the sole and exclusive property of the Company. The Employee shall, whenever requested by the Company, execute and deliver any and all documents that the Company deems appropriate in order to apply for and obtain patents or copyrights in improvements or inventions or in order to assign and/or convey to the Company the sole and exclusive right, title and interest in and to such improvements, inventions, patents, copyrights or applications.

16. Actions. The parties agree and acknowledge that the rights conveyed by this Agreement are of a unique and special nature and that the Company will not have an adequate remedy at law in the event of a failure by the Employee to abide by its terms and conditions, nor will money damages adequately compensate for such injury. Therefore, it is agreed between and hereby acknowledged by the parties that, in the event of a breach by the Employee of any of the obligations of this Agreement, the Company shall have the right, among other rights, to damages sustained thereby and to obtain an injunction or decree of specific performance from any court of competent jurisdiction to restrain or compel the Employee to perform as agreed herein. The Employee hereby acknowledges that obligations under Sections and Subsections 12, 13(b), 14, 15, 16, 17 and 18 shall survive the termination of employment and be binding by their terms at all times subsequent to the termination of employment for the periods specified therein. Nothing herein shall in any way limit or exclude any other right granted by law or equity to the Company.

17. Release. Notwithstanding any provision herein to the contrary, the Company may require that, prior to payment of any amount or provision of any benefit under Section 9 or payment of any Gross-Up Payment pursuant to Section 10 of this Agreement (other than due to the Employee's death), the Employee shall have executed a complete release of the Company and its affiliates and related parties in such form as is reasonably required by the Company, and any waiting periods contained in such release shall have expired; provided, however, that such release relates only to the Employee's employment relationship with the Company. With respect to any release required to receive payments owed pursuant to Section 9, the Company must provide the Employee with the form of release no later than seven (7) days after the Date of Termination and the release must be signed by

the Employee and returned to the Company, unchanged, effective and irrevocable, no later than sixty (60) days after the Date of Termination.

18. No Mitigation. The Company agrees that, if the Employee's employment hereunder is terminated during the Employment Term, the Employee is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Employee by the Company hereunder. Further, the amount of any payment or benefit provided for hereunder (other than pursuant to Subsection 9(a)(v) hereof) shall not be reduced by any compensation earned by the Employee as the result of employment by another employer, by retirement benefits or otherwise.

19. Entire Agreement and Amendment. This Agreement embodies the entire agreement and understanding of the parties hereto in respect of the subject matter of this Agreement, and supersedes and replaces all prior agreements, understandings and commitments with respect to such subject matter. This Agreement may be amended only by a written document signed by both parties to this Agreement.

20. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. Any litigation pertaining to this Agreement shall be adjudicated in courts located in Duval County, Florida.

21. Successors. This Agreement may not be assigned by the Employee. In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the stock, business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption by a successor shall be a material breach of this Agreement. The Employee agrees and consents to any such assumption by a successor of the Company, as well as any assignment of this Agreement by the Company for that purpose. As used in this Agreement, "Company" shall mean the Company as herein before defined as well as any such successor that expressly assumes this Agreement or otherwise becomes bound by all of its terms and provisions by operation of law. This Agreement shall be binding upon and inure to the benefit of the parties and their permitted successors or assigns.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

23. Attorneys' Fees. If any party finds it necessary to employ legal counsel or to bring an action at law or other proceedings against the other party to interpret or enforce any of the terms hereof, the party prevailing in any such action or other proceeding shall be promptly paid by the other party its reasonable legal fees, court costs, litigation expenses, all as determined by the court and not a jury, and such payment shall be made by the non-prevailing party no later than the end of the Employee's tax year following the Employee's tax year in which the payment amount becomes known and payable; provided, however, that on or after a Change in Control, and following the Employee's termination of employment with the Company, if any party finds it necessary to employ legal counsel or to bring an action at law or other proceedings against the other party to interpret or enforce any of the terms hereof, the Company shall pay (on an ongoing basis) to the Employee to the fullest extent permitted by law, all legal fees, court costs and litigation expenses reasonably incurred by the Employee or others on his behalf (such amounts collectively referred to as the "Reimbursed Amounts"); provided, further, that the Employee shall reimburse the Company for the Reimbursed Amounts if it is determined that a majority of the Employee's claims or defenses were frivolous or without merit. Requests for payment of Reimbursed Amounts, together with all documents required by the Company to substantiate them, must be submitted to the Company no later than ninety (90) days after the expense was incurred. The Reimbursed Amounts shall be paid by the Company within ninety (90) days after receiving the request and all substantiating documents requested from the Employee. The payment of Reimbursed Amounts during the Employee's tax year will not impact the Reimbursed Amounts for any other taxable year. The rights under this Section 23 shall survive the termination of employment and this Agreement until the expiration of the applicable statute of limitations.

24. Severability. If any section, subsection or provision hereof is found for any reason whatsoever to be invalid or inoperative, that section, subsection or provision shall be deemed severable and shall not affect the force and validity of any other provision of this Agreement. If any covenant herein is determined by a court to be overly broad thereby making the covenant unenforceable, the parties agree and it is their desire that such court shall substitute a reasonable judicially enforceable limitation in place of the offensive part of the covenant and that as so modified the covenant shall be as fully enforceable as if set forth herein by the parties themselves in the modified form. The covenants of the Employee in this Agreement shall each be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of the Employee

against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants in this Agreement.

25. Notices. Any notice, request, or instruction to be given hereunder shall be in writing and shall be deemed given when personally delivered or three (3) days after being sent by United States Certified Mail, postage prepaid, with Return Receipt Requested, to the parties at their respective addresses set forth below:

To the Company:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204
Attention: General Counsel

To the Employee:

Brent B. Bickett
c/o Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

26. Waiver of Breach. The waiver by any party of any provisions of this Agreement shall not operate or be construed as a waiver of any prior or subsequent breach by the other party.

27. Tax Withholding. The Company or an affiliate may deduct from all compensation and benefits payable under this Agreement any taxes or withholdings the Company is required to deduct pursuant to state, federal or local laws.

28. Code Section 409A. To the extent applicable, it is intended that this Agreement and any payment made hereunder shall comply with the requirements of Section 409A of the Code, and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service ("Code Section 409A"). Any provision that would cause the Agreement or any payment hereof to fail to satisfy Code Section 409A shall have no force or effect until amended to comply with Code Section 409A, which amendment may be retroactive to the extent permitted by Code Section 409A. In addition, the direct payment or reimbursement of expenses permitted under this Agreement or otherwise shall be made no later than the last day of the Employee's taxable year following the taxable year in which such expense was incurred.

IN WITNESS WHEREOF the parties have executed this Agreement to be effective as of the date first set forth above.

FIDELITY NATIONAL FINANCIAL, INC.
By: /s/ Alan L. Stinson
Its: CEO

BRENT B. BICKETT
/s/ Brent B. Bickett

**EXHIBIT 10.39**

# Fidelity National Financial, Inc.
# Amended and Restated
# 2005 Omnibus Incentive Plan

**Notice of Restricted Stock Grant**

You (the "Grantee") have been granted the following award of restricted Shares of FNF Group Common Stock (the "Restricted Stock"), par value $0.0001 per share (the "Shares"), by Fidelity National Financial, Inc. (the "Company"), pursuant to the Fidelity National Financial, Inc. Amended and Restated 2005 Omnibus Incentive Plan (the "Plan") and the terms set forth in the attached Restricted Stock Award Agreement:

| | |
|---|---|
| Name of Grantee: | |
| Number of Shares of Restricted Stock Granted: | |
| Effective Date of Grant: | October 30, 2017 |
| Vesting and Period of Restriction: | Subject to the terms of the Plan and the Restricted Stock Award Agreement attached hereto, the Period of Restriction shall lapse, and the Shares shall vest and become free of the forfeiture provisions contained in the Restricted Stock Award Agreement, with respect to one third of the shares on each anniversary of the Effective Date of Grant and satisfaction of the Performance Restriction as set forth on Exhibit A of the Restricted Stock Award Agreement, attached hereto. |

By your electronic acceptance/signature below, you agree and acknowledge that the Restricted Stock is granted under and governed by the terms and conditions of the Plan and the attached Restricted Stock Award Agreement, which are incorporated herein by reference, and that you have been provided with a copy of the Plan and Restricted Stock Award Agreement. If you have not accepted or declined this Restricted Stock Grant, including the terms of this Notice and Restricted Stock Award Agreement, prior to the first anniversary of the Effective Date of Grant, you are hereby advised and acknowledge that you shall be deemed to have accepted the terms of this Notice and Restricted Stock Award Agreement on such first anniversary of the Effective Date of Grant.

## Fidelity National Financial, Inc.
## Amended and Restated 2005 Omnibus Incentive Plan

## Restricted Stock Award Agreement

### Section 1. GRANT OF RESTRICTED STOCK

(a) **Restricted Stock**. On the terms and conditions set forth in the Notice of Restricted Stock Grant and this Restricted Stock Award Agreement (the "Agreement"), the Company grants to the Grantee on the Effective Date of Grant the Shares of Restricted Stock (the "Restricted Stock") set forth in the Notice of Restricted Stock Grant.

(b) **Plan and Defined Terms**. The Restricted Stock is granted pursuant to the Plan. All terms, provisions, and conditions applicable to the Restricted Stock set forth in the Plan and not set forth herein are hereby incorporated by reference herein. To the extent any provision hereof is inconsistent with a provision of the Plan, the provisions of the Plan will govern. All capitalized terms that are used in the Notice of Restricted Stock Grant or this Agreement and not otherwise defined therein or herein shall have the meanings ascribed to them in the Plan.

### Section 2. FORFEITURE AND TRANSFER RESTRICTIONS

(a) **Forfeiture**. Except as otherwise provided in Grantee's employment, director services or similar agreement in effect at the time of the employment termination:

(i) If the Grantee's employment or service as a Director or Consultant is terminated for any reason other than death, or Disability (as defined below), the Grantee shall, for no consideration, forfeit to the Company the Shares of Restricted Stock to the extent such Shares are subject to a Period of Restriction at the time of such termination.

(ii) If the Grantee's employment or service as a Director or Consultant is terminated due to the Grantee's death or Disability, a portion of the Shares which on the date of termination of employment remain subject to a Time-Based Restriction and/or the Performance Restriction (as defined in Exhibit A) shall vest and become free of the forfeiture and transfer restrictions contained in the Agreement (except as otherwise provided in Section 2(b) of this Agreement). The portion which shall vest shall be determined by the following formula (rounded to the nearest whole Share):

(A x B) - C, where

A = the total number of Shares granted under this Agreement,

B = the number of completed months to the date of termination of employment since the Effective Date of Grant divided by 36, and

C = the number of Shares granted under this Agreement which vested on or prior to the date of termination of employment.

All Shares that are subject to a Period of Restriction on the date of termination of employment or service as a Director or Consultant and which will not be vested pursuant to Section 2(a)(ii) above, shall be forfeited to the Company, for no consideration.

(iii) The term "Disability" shall have the meaning ascribed to such term in the Grantee's employment, director services or similar agreement with the Company. If the Grantee's employment, director services or similar agreement does not define the term "Disability," or if the Grantee has not entered into an employment, director services or similar agreement with the Company or any Subsidiary, the term "Disability" shall mean the Grantee's entitlement to long-term disability benefits pursuant to the long-term disability plan maintained by the Company or in which the Company's employees participate.

(iv) If the Performance Restriction is not satisfied during the Measurement Period, all of the Shares that do not satisfy the performance criteria for the applicable Performance Period, shall be forfeited to the Company, for no consideration.

(b) **Transfer Restrictions**. During the Period of Restriction, the Restricted Stock may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of, to the extent such Shares are subject to a Period of Restriction.

(c) **Holding Period**. If and when (i) the Grantee is an Officer (as defined in Rule 16a-1(f) of the Exchange Act) or holds the title of President - Agency Operations, and (ii) Grantee does not hold Shares of FNF Group Common Stock with a value sufficient to satisfy the applicable stock ownership guidelines of the Company in place at that time, then Grantee must retain 50% of the Shares acquired by Grantee as a result of the lapse of a Period of Restriction (excluding from the calculation any Shares withheld for purposes of satisfying Grantee's tax obligations in connection with such lapse of a Period of Restriction) until such time as the value of the Shares of FNF Group Common Stock remaining in Grantee's possession following any sale, assignment, pledge, exchange, gift or other transfer of the Shares shall be sufficient to meet any applicable stock ownership guidelines of the Company in place at that time. For the avoidance of doubt, at any time when Grantee holds, in the aggregate, Shares of FNF Group Common Stock with a value sufficient to satisfy the applicable stock ownership guidelines of the Company in place at that time, Grantee may enter into a transaction with respect to any Shares acquired by Grantee as a result of the lapse of a Period of Restriction without regard to the holding period requirement contained in this Section 2(b) so long as Grantee shall continue to satisfy such stock ownership guidelines following such transaction.

(d) **Lapse of Restrictions**. The Period of Restriction shall lapse as to the Restricted Stock in accordance with the Notice of Restricted Stock Grant and the terms of this Agreement. Subject to the terms of the Plan and Section 6(a) hereof, upon lapse of the Period of Restriction, the Grantee shall own the Shares that are subject to this Agreement free of all restrictions other than the holding period described in Section 2(c) above. Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges, any Period of Restriction or other restriction imposed on the Restricted Stock that has not previously lapsed, including the holding period described in Section 2(c) above, shall lapse.

## Section 3. STOCK CERTIFICATES

As soon as practicable following the grant of Restricted Stock, the Shares of Restricted Stock shall be registered in the Grantee's name in certificate or book-entry form. If a certificate is issued, it shall bear an appropriate legend referring to the restrictions and it shall be held by the Company, or its agent, on behalf of the Grantee until the Period of Restriction has lapsed. If the Shares are registered in book-entry form, the restrictions shall be placed on the book-entry registration. The Grantee may be required to execute and return to the Company a blank stock power for each Restricted Stock certificate (or instruction letter, with respect to Shares registered in book-entry form), which will permit transfer to the Company, without further action, of all or any portion of the Restricted Stock that is forfeited in accordance with this Agreement.

## Section 4. SHAREHOLDER RIGHTS

Except for the transfer and dividend restrictions, and subject to such other restrictions, if any, as determined by the Committee, the Grantee shall have all other rights of a holder of Shares, including the right to vote (or to execute proxies for voting) such Shares. Unless otherwise determined by the Committee, if all or part of a dividend in respect of the Restricted Stock is paid in Shares or any other security issued by the Company, such Shares or other securities shall be held by the Company subject to the same restrictions as the Restricted Stock in respect of which the dividend was paid.

## Section 5. DIVIDENDS

(a) Any dividends paid with respect to Shares which remain subject to a Period of Restriction shall not be paid to the Grantee but shall be held by the Company.

(b) Such held dividends shall be subject to the same Period of Restriction as the Shares to which they relate.

(c) Any dividends held pursuant to this Section 5 which are attributable to Shares which vest pursuant to this Agreement shall be paid to the Grantee within 30 days of the applicable vesting date.

(d) Dividends attributable to Shares forfeited pursuant to Section 2 of this Agreement shall be forfeited to the Company on the date such Shares are forfeited.

## Section 6. MISCELLANEOUS PROVISIONS

(a) **Tax Withholding**. Pursuant to Article 20 of the Plan, the Committee shall have the power and right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy any federal, state and local taxes (including the Grantee's FICA obligations) required by law to be withheld with respect to this Award. The Committee may condition the delivery of Shares upon the Grantee's satisfaction of such withholding obligations. The Grantee may elect to satisfy all or part of such withholding requirement by tendering previously-owned Shares or by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory withholding (based on minimum statutory withholding rates for federal, state and local tax purposes, as applicable, including payroll taxes) that could be imposed on the transaction, and, to the extent the Committee so permits, amounts in excess of the minimum statutory withholding to the extent it would not result in additional accounting expense. Such election shall be irrevocable, made in writing, signed by the Grantee, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

(b) **Ratification of Actions**. By accepting this Agreement, the Grantee and each person claiming under or through the Grantee shall be conclusively deemed to have indicated the Grantee's acceptance and ratification of, and consent to, any action taken under the Plan or this Agreement and Notice of Restricted Stock Grant by the Company, the Board or the Committee.

(c) **Notice**. Any notice required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery or upon deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid. Notice shall be addressed to the Company at its principal executive office and to the Grantee at the address that he or she most recently provided in writing to the Company.

(d) **Choice of Law**. This Agreement and the Notice of Restricted Stock Grant shall be governed by, and construed in accordance with, the laws of Florida, without regard to any conflicts of law or choice of law rule or principle that might otherwise cause the Plan, this Agreement or the Notice of Restricted Stock Grant to be governed by or construed in accordance with the substantive law of another jurisdiction.

(e) **Arbitration**. Subject to, and in accordance with the provisions of Article 3 of the Plan, any dispute or claim arising out of or relating to the Plan, this Agreement or the Notice of Restricted Stock Grant shall be settled by binding arbitration before a single arbitrator in Jacksonville, Florida and in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitrator shall decide any issues submitted in accordance with the provisions and commercial purposes of the Plan, this Agreement and the Notice of Restricted Stock Grant, provided that all substantive questions of law shall be determined in accordance with the state and federal laws applicable in Florida, without regard to internal principles relating to conflict of laws.

(f) **Modification or Amendment**. This Agreement may only be modified or amended by written agreement executed by the parties hereto; provided, however, that the adjustments permitted pursuant to Section 4.3 of the Plan may be made without such written agreement.

(g) **Severability**. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included.

(h) **References to Plan**. All references to the Plan shall be deemed references to the Plan as may be amended from time to time.

(i) **Section 409A Compliance**. To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Code Section 409A and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service and the Plan and the Award Agreement shall be interpreted accordingly.

# EXHIBIT A

## Vesting and Restrictions

This grant is subject to both a Performance Restriction and a Time-Based Restriction, as described below (collectively, the "Period of Restriction").

## Performance Restriction

In order for the Restricted Stock to vest, the Compensation Committee of the Board of Directors of the Company (the "Committee") must determine that the Company has achieved 8.5% or greater Title Operating Margin (as defined below) in at least two calendar quarters of any of the next five calendar quarters starting October 1, 2017 (the "Performance Restriction"). The five calendar quarters starting October 1, 2017 and ending December 31, 2018 are referred to as the "Measurement Period." "Title Operating Margin" shall mean the Title Pre-Tax Margin as used for the annual bonus plan. Calculation of Title Operating Margin will exclude claim loss reserve adjustments (positive or negative) for prior period loss development, extraordinary events or accounting adjustments, acquisitions, divestitures, major restructuring charges, and non-budgeted discontinued operations. The Committee will evaluate whether the Title Operating Margin has been achieved following the completion of each calendar quarter during the Measurement Period.

## Time-Based Restrictions

| Anniversary Date | % of Restricted Stock |
|---|---|
| First (1st) anniversary of the Effective Date of Grant | 33.33% |
| Second (2nd) anniversary of the Effective Date of Grant | 33.33% |
| Third (3rd) anniversary of the Effective Date of Grant | 33.34% |

## Vesting

If the Performance Restriction has been achieved as of an Anniversary Date, the percentage of the Restricted Stock indicated next to such Anniversary Date shall vest on such indicated Anniversary Date (such three year vesting schedule referred to as the "Time-Based Restrictions"). If the Performance Restriction has not been achieved as of an Anniversary Date, but is achieved on or before the end of the Measurement Period, then the percentage of the Restricted Stock indicated next to such Anniversary Date shall vest at such time as the Committee determines that the Company has achieved the Performance Restriction. If the Performance Restriction is not achieved during the Measurement Period, none of the Restricted Stock granted hereunder shall vest and, for no consideration, will be automatically forfeited to the Company.

**EXHIBIT 21.1**

**FIDELITY NATIONAL FINANCIAL, INC.**
**List of Subsidiaries December 31, 2017**
**Significant Subsidiaries**

| COMPANY | INCORPORATION |
|---|---|
| FNTG Holdings, LLC | Delaware |
| Chicago Title Insurance Company | Florida |
| Fidelity National Title Group, Inc. | Delaware |
| ServiceLink Holdings, Inc. | Delaware |
| Fidelity National Title Insurance Company | Florida |
| Commonwealth Land Title Insurance Company | Florida |

**Exhibit 23.1**

**CONSENT OF ERNST & YOUNG LLP,**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statements (Form S-3 Nos. 333-157123, 333-147391, 333-174650) of Fidelity National Financial, Inc.
2. Registration Statements (Form S-4 Nos. 333-194938 and 333-190902) of Fidelity National Financial, Inc.
3. Registration Statements (Form S-8 Nos. 333-197249, 333-190527, 333-157643, 333-132843, 333-138254, 333-129886, 333-129016, 333-176395, 333-213427) of Fidelity National Financial, Inc.

of our reports dated February 23, 2018, with respect to the consolidated financial statements and schedules of Fidelity National Financial, Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Fidelity National Financial, Inc. and subsidiaries included in this Annual Report on Form 10-K for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Jacksonville, Florida

February 23, 2018

Certified Public Accountants

**Exhibit 23.2**

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors
Fidelity National Financial, Inc.:

We consent to the incorporation by reference in the Registration Statements (Nos. 333-197249, 333-190527, 333-157643, 333-132843, 333-138254, 333-129886, 333-129016, 333-176395 and 333-213427) on Form S-8, Registration Statements (Nos. 333-157123, 333-147391, and 333-174650) on Form S-3, and Registration Statements (Nos. 333-194938 and 333-190902) on Form S-4 of Fidelity National Financial, Inc. of our report dated February 27, 2017, except as to Notes A and G, which are as of February 23, 2018, with respect to the Consolidated Balance Sheet of Fidelity National Financial, Inc. as of December 31, 2016, and the related Consolidated Statements of Earnings, Comprehensive Earnings, Equity, and Cash Flows for each of the years in the two-year period ended December 31, 2016, and all related financial statement schedules, which report appears in the December 31, 2017 annual report on Form 10-K of Fidelity National Financial, Inc.

/s/ KPMG LLP

Jacksonville, Florida
February 23, 2018
Certified Public Accountants

**Exhibit 31.1**

**CERTIFICATIONS**

I, Raymond R. Quirk, certify that:

1. I have reviewed this annual report on Form 10-K of Fidelity National Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

By: */s/ Raymond R. Quirk*

Raymond R. Quirk

Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATIONS**

I, Anthony J. Park, certify that:

1. I have reviewed this annual report on Form 10-K of Fidelity National Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

By: */s/ Anthony J. Park*

Anthony J. Park

Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350**

The undersigned hereby certifies that he is the duly appointed and acting Chief Executive Officer of Fidelity National Financial, Inc., a Delaware corporation (the “Company”), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: February 23, 2018

By: */s/ Raymond R. Quirk*
Raymond R. Quirk
Chief Executive Officer

**Exhibit 32.2**

**CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350**

The undersigned hereby certifies that he is the duly appointed and acting Chief Financial Officer of Fidelity National Financial, Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: February 23, 2018

By: */s/ Anthony J. Park*
Anthony J. Park
Chief Financial Officer