United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (date of earliest event reported): October 23, 2013

Fidelity National Financial, Inc.
(Exact name of Registrant as Specified in its Charter)

Delaware	001-32630	16-1725106
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(IRS Employer Identification Number)

601 Riverside Avenue
Jacksonville, Florida 32204
(Addresses of Principal Executive Offices)

(904) 854-8100
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

Dividend

On October 23, 2013, FNF announced that its Board of Directors has declared an increased quarterly cash dividend of $0.18 per share, an increase of 12.5% from the previous quarterly dividend of $0.16. The dividend will be payable December 30, 2013, to stockholders of record as of December 16, 2013.

Merger

As previously disclosed on May 28, 2013, Fidelity National Financial, Inc., a Delaware corporation ("FNF"), and Lion Merger Sub, Inc., a Delaware corporation and a subsidiary of FNF ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Lender Processing Services, Inc., a Delaware corporation ("LPS"), pursuant to which Merger Sub will be merged with and into LPS, with LPS surviving as a subsidiary of FNF (the "Merger"), subject to the terms and conditions of the Merger Agreement. FNF is filing this Form 8-K to provide certain financial and other information with respect to FNF and LPS.

In connection with the Merger, FNF expects to enter into a commitment letter ("bridge commitment letter") that provides for an up to $800 million short-term term loan ("bridge loan"). The bridge loan will mature on the second business day following the funding thereof and will require no scheduled amortization payments. Such loan will bear interest at a rate equal to the highest of (i) the Bank of America prime rate, (ii) the federal fund effective rate from time to time plus 0.5% and (iii) the one month adjusted London interbank offered rate plus 1.0%. In addition, FNF also expects to amend its existing $800 million senior unsecured revolving credit facility ("credit facility") and its $1.1 billion delayed-draw term loan facility ("term loan"), in each case, to permit FNF to incur the indebtedness in respect of the bridge loan. Otherwise, the terms of the bridge loan will be substantially the same as the terms of the term loan, as amended by the amendment discussed below. FNF has commenced the process to obtain the amendments to its existing revolving credit facility and term loan to permit the borrowing under the bridge loan and to incorporate other technical changes to describe the structure of the Merger.

Funding of the bridge loan will be conditioned on entry into the amendments to the term loan and the credit facility discussed above. The proceeds from the bridge loan are intended to replace the proceeds from the equity commitment FNF previously received from funds affiliated with Thomas H. Lee Partners, L.P. ("THL") to fund a portion of the cash consideration payable in the Merger. If the bridge commitment letter or the amendments are not entered into, and we are therefore unable to borrow the bridge loan, FNF will use the funds under the THL equity commitment to fund such amounts. If the amendments are entered into, FNF intends to terminate the equity commitment and use the proceeds from the bridge loan to fund such amounts payable in the Merger, and, subsequent to the Merger and an internal reorganization, THL would purchase a 35% minority interest in the subsidiaries of Black Knight Financial Services, Inc. a subsidiary of FNF that will own the business of FNF's subsidiary, ServiceLink, Inc., and the LPS business.

The following consolidated financial statements and financial and other information of FNF and LPS are attached as exhibits to this Current Report on Form 8-K and are incorporated herein by reference:

- Unaudited pro forma condensed combined financial information of FNF;
- Unaudited operating results of FNF as of September 30, 2013 and for the three and nine month periods ended September 30, 2013 and 2012;
- Audited consolidated financial statements of LPS as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010, together with related Report of Independent Registered Public Accounting Firm;
- Unaudited consolidated financial statements of LPS as of June 30, 2013 and for the three and six month periods ended June 30, 2013 and 2012;
- Unaudited operating results of LPS as of September 30, 2013 and for the three and nine months ended September 30, 2013 and 2012; and
- Certain additional information relating to LPS.

Important Information Filed with the SEC

FNF has filed with the SEC a Registration Statement on Form S-4 in connection with the previously announced transaction to purchase LPS that includes a prospectus of FNF and a preliminary Joint Proxy Statement of FNF and LPS. The Registration Statement has not yet become effective. Following the Registration Statement having been declared effective by the SEC, FNF and LPS plan to file with the SEC and mail to their respective stockholders a Joint Proxy Statement/Prospectus in connection with the transaction. The Registration Statement and the Joint Proxy Statement/Prospectus will contain important information about FNF, LPS, the transaction and related matters. **Investors and security holders are urged to read the Registration Statement and the PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED BY FNF OR LPS, INCLUDING THE DEFINITIVE JOINT Proxy Statement/Prospectus when IT BECOMES available, BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION.**

Investors and security holders will be able to obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC by FNF and LPS through the web site maintained by the SEC at www.sec.gov or by phone, email or written request by contacting the investor relations department of FNF or LPS at the following:

FNF
601 Riverside Avenue
Jacksonville, FL 32204
Attention: Investor Relations
904-854-8100
dkmurphy@fnf.com

LPS
601 Riverside Avenue
Jacksonville, FL 32204
Attention: Investor Relations
904-854-8640
nancy.murphy@lpsvcs.com

FNF and LPS, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies in respect of the transactions contemplated by the merger agreement. Information regarding the directors and executive officers of FNF is contained in FNF's Form 10-K for the year ended December 31, 2012 and its proxy statement filed on April 12, 2013, which are filed with the SEC. Information regarding LPS's directors and executive officers is contained in LPS's Form 10-K for the year ended December 31, 2012 and its proxy statement filed on April 9, 2013, which are filed with the SEC. A more complete description will be available in the Registration Statement and the Joint Proxy Statement/Prospectus.

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

23.1	Consent of KPMG LLP.
99.1	Unaudited pro forma condensed combined financial information of FNF.
99.2	Unaudited operating results of FNF as of September 30, 2013 and for the three and nine month periods ended September 30, 2013 and 2012.
99.3	Audited consolidated financial statements of LPS as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010, together with related Report of Independent Registered Public Accounting Firm.
99.4	Unaudited consolidated financial statements of LPS as of June 30, 2013 and for the three and six month periods ended June 30, 2013 and 2012.
99.5	Unaudited operating results of LPS as of September 30, 2013 and for the three and nine months ended September 30, 2013 and 2012.
99.6	Certain additional information relating to LPS.

SIGNATURE

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

Fidelity National Financial, Inc.

Date: October 23, 2013

By: /s/ Michael L. Gravelle

Name: Michael L. Gravelle

Title: Executive Vice President, General Counsel and Corporate Secretary

EXHIBIT INDEX

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Consent of Independent Registered Public Accounting Firm

The Board of Directors
Lender Processing Services, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-174650) on Form S-3 of Fidelity National Financial, Inc. of our report dated February 25, 2013, with respect to the consolidated balance sheets of Lender Processing Services, Inc. as of December 31, 2012 and 2011 and the related statements of earnings, comprehensive earnings, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2012, which report appears in the Form 8-K of Fidelity National Financial, Inc. dated October 23, 2013.

/s/ KPMG LLP

October 23, 2013
Jacksonville, Florida
Certified Public Accountants

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following table presents selected unaudited pro forma condensed combined financial information about FNF's consolidated balance sheet and statements of earnings, after giving effect to the merger with LPS. The information under "Unaudited Pro Forma Condensed Combined Balance Sheet Data" in the table below gives effect to the merger as if it had been consummated on June 30, 2013. The information under "Unaudited Pro Forma Condensed Combined Statement of Earnings Data" in the table below gives effect to the merger as if it had been consummated on January 1, 2012, the beginning of the earliest time period presented. This unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting under U.S. generally accepted accounting principles ("GAAP"), which is subject to change and interpretation.

FNF has been treated as the acquirer of LPS for accounting purposes. FNF prepares its financial statements in accordance with GAAP. The merger will be accounted for using the acquisition method of accounting. FNF will allocate the purchase price to the fair value of LPS' tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually, or more frequently if circumstances indicate potential impairment.

The historical condensed consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable, and (3) with respect to the statements of earnings, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed combined financial information was based on and should be read in conjunction with the following, which are attached as an exhibit to the 8-K into which this exhibit is incorporated by reference:

- separate historical financial statements of FNF as of and for the six months ended June 30, 2013 and the related notes included in FNF's Quarterly Report on Form 10-Q for the six-month period ended June 30, 2013,
- separate historical financial statements of FNF as of and for the year ended December 31, 2012 and the related notes included in FNF's Annual Report on Form 10-K for the year ended December 31, 2012,
- separate historical financial statements of LPS as of and for the six months ended June 30, 2013 and the related notes for the six-month period ended June 30, 2013 attached as Exhibit 99.4 to the 8-K into which this exhibit is incorporated by reference, and
- separate historical financial statements of LPS as of and for the year ended December 31, 2012 and the related notes for the year ended December 31, 2012 attached as Exhibit 99.3 to the 8-K into which this exhibit is incorporated by reference.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only. The pro forma information is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the merger been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. Transactions between FNF and LPS during the periods presented in the unaudited pro forma condensed combined financial statements have been eliminated. In addition, the unaudited pro forma condensed combined financial information includes adjustments which are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes.

The acquisition accounting prepared under GAAP is dependent upon certain valuations and other studies that are ongoing and are not yet at a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Differences between these preliminary estimates and the final acquisition accounting may occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position.

The unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the merger or the costs to integrate the operations of FNF and LPS or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

Unaudited Pro Forma Condensed Combined Balance Sheet Data
As of June 30, 2013
(in millions)

	FNF	LPS	Pro Forma Adjustments	Pro Forma Combined
Assets				
Investments:				
Fixed maturity securities available for sale, at fair value	$ 3,101	$ 82	$ —	$ 3,183
Preferred stock available for sale, at fair value	166	—	—	166
Equity securities available for sale, at fair value	150	—	—	150
Investments in unconsolidated affiliates	384	—	—	384
Other long-term investments	158	—	—	158
Short-term investments	22	—	—	22
Total investments	3,981	82	—	4,063
Cash and cash equivalents	1,285	142	(537)(a)	890
Trade and notes receivables	490	248	—	738
Goodwill	1,883	1,109	1,320(b)	4,312
Prepaid expenses and other assets	691	109	(39)(c)	761
Capitalized software, net	35	262	198(d)	495
Other intangible assets, net	643	39	1,288(e)	1,970
Title plants	374	120	—	494
Property and equipment, net	633	122	—	755
Total assets	$10,015	$2,233	$ 2,230	$ 14,478
Liabilities and Equity				
Liabilities:				
Accounts payable and accrued liabilities	$ 1,166	$ 235	$ (5)(f)	$ 1,396
Legal and regulatory accrual	45	89	—	134
Notes payable	1,345	1,068	980(g)	3,393
Reserve for title claim losses	1,717	61	—	1,778
Secured trust deposits	653	—	—	653
Deferred revenue	76	81	(41)(h)	116
Income taxes payable	46	(18)	(14)(i)	14
Deferred tax liability	133	106	431(j)	670
Total liabilities	5,181	1,622	1,351	8,154
Equity:				
Common stock	—	—	—	—
Preferred stock	—	—	—	—
Additional paid-in capital	4,057	245	568(k)	4,870
Retained earnings	1,005	751	(775)(l)	981
Accumulated other comprehensive earnings (loss)	10	(3)	3(m)	10
Less: treasury stock	(692)	(382)	382(m)	(692)
Total stockholders' equity	4,380	611	178	5,169
Noncontrolling interest	454	—	701(v)	1,155
Total equity	4,834	611	879	6,324
Total liabilities and equity	$10,015	$2,233	$ 2,230	$ 14,478

See the accompanying notes to the unaudited pro forma condensed combined financial statements, which are an integral part of these statements. The pro forma adjustments are explained in *Note 6. Pro Forma Adjustments*.

Unaudited Pro Forma Condensed Combined Statement of Earnings Data
For the Six Months Ended June 30, 2013
(In millions, except per share data)

	FNF	LPS	Pro Forma Adjustments	Pro Forma Combined
Revenues:				
Direct title insurance premiums	$ 905	$150	$ —	$ 1,055
Agency title insurance premiums	1,149	16	(2)(n)	1,163
Escrow, title-related and other fees	924	774	(17)(n)	1,681
Auto parts revenue	568	—	—	568
Restaurant revenue	701	—	—	701
Interest and investment income	70	1	—	71
Realized gains and losses, net	3	(1)	—	2
Total revenues	4,320	940	(19)	5,241
Expenses:				
Personnel costs	1,065	346	(14)(p)	1,397
Agent commissions	870	13	(2)(n)	881
Other operating expenses	691	372	(23)(n),(q)	1,040
Cost of auto parts revenue	481	—	—	481
Cost of restaurant revenue	597	—	—	597
Depreciation and amortization	68	53	54(r)	175
Provision for title claim losses	144	10	—	154
Interest expense	44	27	7(s)	78
Total expenses	3,960	821	22	4,803
Earnings from continuing operations before income taxes and equity in loss of unconsolidated entities	360	119	(41)	438
Income tax expense on continuing operations	118	44	(15)(t)	147
Equity in loss of unconsolidated entities	(6)	—	—	(6)
Earnings from continuing operations, net of tax	236	75	(26)	285
Loss from discontinued operations, net of tax	(2)	(2)	—	(4)
Net earnings	234	73	(26)	281
Less: Net earnings attributable to noncontrolling interests	6	—	25 (v)	31
Net earnings from continuing operations attributable to FNF/LPS common shareholders	$ 228	$ 73	$ (51)	$ 250

See the accompanying notes to the unaudited pro forma condensed combined financial statements, which are an integral part of these statements. The pro forma adjustments are explained in *Note 6. Pro Forma Adjustments*.

Unaudited Pro Forma Condensed Combined Statement of Earnings Data
For the Year Ended December 31, 2012
(In millions, except per share data)

	FNF	LPS	Pro Forma Adjustments	Pro Forma Combined
Revenues:				
Direct title insurance premiums	$1,732	$ 348	$ 2(n)	$ 2,082
Agency title insurance premiums	2,101	26	(16)(n)	2,111
Escrow, title-related and other fees	1,675	1,624	(35)(n)	3,264
Auto parts revenue	418	—	—	418
Restaurant revenue	909	—	—	909
Interest and investment income	144	2	—	146
Realized gains and losses, net	187	(11)	3(o)	179
Total revenues	7,166	1,989	(46)	9,109
Expenses:				
Personnel costs	1,863	704	12(p)	2,579
Agent commissions	1,599	21	(14)(n)	1,606
Other operating expenses	1,288	912	(35)(n)	2,165
Cost of auto parts revenue	350	—	—	350
Cost of restaurant revenue	774	—	—	774
Depreciation and amortization	105	97	115(r)	317
Provision for title claim losses	279	20	—	299
Interest expense	74	88	9(s)	171
Total expenses	6,332	1,842	87	8,261
Earnings from continuing operations before income taxes and equity in earnings of unconsolidated entities	834	147	(133)	848
Income tax expense on continuing operations	247	68	(50)(t)	265
Equity in earnings of unconsolidated entities	10	—	—	10
Earnings from continuing operations, net of tax	597	79	(83)	593
Earnings (loss) from discontinued operations, net of tax	15	(9)	(3)(u)	3
Net earnings	612	70	(86)	596
Less: Net earnings attributable to noncontrolling interests	5	—	(1)(v)	4
Net earnings from continuing operations attributable to FNF/LPS common shareholders	$ 607	$ 70	$ (85)	$ 592

See the accompanying notes to the unaudited pro forma condensed combined financial statements, which are an integral part of these statements. The pro forma adjustments are explained in *Note 6. Pro Forma Adjustments*.

Unaudited Comparative Per Share Data

Presented below are FNF's and LPS' historical per share data and unaudited pro forma combined per share data for the six months ended June 30, 2013 and for the year ended December 31, 2012. This information should be read together with the consolidated financial statements and related notes of FNF and LPS that are incorporated by reference in this document and with the unaudited pro forma combined financial data included in this section presented above. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed on January 1, 2012, the beginning of the earliest period presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. The pro forma earnings per share of the combined company is computed by dividing the pro forma net earnings attributable to common shareholders by the pro forma weighted average number of shares outstanding.

Unaudited Pro Forma Per Share Data
For the Six Months Ended June 30, 2013
(In millions, except per share data)

	FNF	LPS	Pro Forma Adjustments	Pro Forma Combined
Net earnings per share — basic, attributable to FNF/LPS common shareholders	$1.01	$0.86	$ (0.90)	$ 0.97
Weighted average shares outstanding — basic	225	85	(52)(w)	258
Net earnings per share — diluted, attributable to FNF/LPS common shareholders	$0.99	$0.86	$ (0.90)	$ 0.95
Weighted average shares outstanding — diluted	230	85	(52)(w)	263

Unaudited Pro Forma Per Share Data
For the Year Ended December 31, 2012
(In millions, except per share data)

	FNF	LPS	Pro Forma Adjustments	Pro Forma Combined
Net earnings per share — basic, attributable to FNF/LPS common shareholders	$2.74	$0.83	$ (1.24)	$ 2.33
Weighted average shares outstanding — basic	221	85	(52)(w)	254
Net earnings per share — diluted, attributable to FNF/LPS common shareholders	$2.68	$0.83	$ (1.22)	$ 2.29
Weighted average shares outstanding — diluted	226	85	(52)(w)	259

See the accompanying notes to the unaudited pro forma condensed combined financial statements, which are an integral part of these statements. The pro forma adjustments are explained in *Note 6. Pro Forma Adjustments*.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Description of Transaction

Merger Agreement

On May 28, 2013, FNF and Merger Sub entered into a merger agreement with LPS. Upon the terms and subject to the conditions set forth in the merger agreement, Merger Sub will merge with and into LPS, with LPS surviving as a subsidiary of FNF. Subject to the terms and conditions of the merger agreement, at the effective time of the merger, each share of LPS common stock issued and outstanding as of immediately prior to the effective time of the merger (other than (i) shares owned by LPS, its subsidiaries, FNF or Merger Sub and (ii) shares in respect of which appraisal rights have been properly exercised and perfected under Delaware law) will be converted into the right to receive (i) in cash, as the same may be increased pursuant to the merger agreement, and (ii) a fraction of a share of FNF common stock equal to the exchange ratio, as it may be adjusted pursuant to the merger agreement.

Financing

FNF has obtained the financing commitments for the transactions contemplated by the merger agreement, the proceeds of which will be used by FNF to pay the cash portion of the aggregate merger consideration and the related costs, fees and expenses. In connection with the merger, FNF will contribute the business of its subsidiary, ServiceLink, Inc. ("ServiceLink"), to Black Knight Financial Services, LLC ("BKFS") and each of ServiceLink and BKFS will become a wholly-owned subsidiary of BKFS. Additionally, on July 11, 2013, FNF entered into a term loan credit agreement with Bank of America, N.A. as administrative agent and the other financial institutions party thereto, pursuant to which the lenders have committed to provide a $1.1 billion senior unsecured delayed draw term loan facility and, on June 25, 2013, FNF entered into an amendment to replace its existing senior unsecured revolving facility with a third amended and restated $800 million senior unsecured revolving facility. The facilities replace a portion of the financing commitments noted above. FNF expects to enter into an amendment to its term loan facility and a further amendment to its revolving facility to permit indebtedness to be incurred under the bridge facility described below. (See (a) and (s) in Note 6, *Pro Forma Adjustments*).

In connection with the merger agreement, FNF entered into an equity commitment letter and stock purchase agreement with Thomas H. Lee Partners, L.P. ("THL") pursuant to which THL agreed to make the initial equity commitment. The proceeds of the initial equity commitment were to be used to finance a portion of the aggregate merger consideration and related costs, fees and expenses. However, we expect LPS to consent to the termination of the equity commitment letter, stock purchase agreement and the initial equity commitment. It is now contemplated that, subsequent to the consummation of the merger and the implementation of an internal reorganization, THL will purchase a minority interest in BKFS for an amount equal to 35% of the issued and outstanding equity interests of LPS and ServiceLink.

The initial equity commitment is being replaced by a debt financing commitment letter (the "Bridge Commitment Letter") FNF expects to enter into with Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bank of America, N.A., J.P. Morgan Securities LLC and JPMorgan Chase Bank, N.A. The Bridge Commitment Letter provides for an $800 million bridge facility. Pursuant to the Bridge Commitment Letter, we will enter into a promissory note with the bridge facility lenders on the funding date that will include the terms of the bridge facility and will incorporate applicable terms from the term loan facility, as amended by the amendment discussed above. The proceeds of the loans under the bridge facility will be used to fund, in part, the cash consideration for the merger and pay certain costs, fees and expenses in connection with the merger. Funding under the bridge facility is conditioned on entry into the amendments to the term loan and the revolving facility amendment discussed above.

2. Basis of Presentation

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting and was based on the historical financial statements of FNF and LPS. The acquisition method of accounting is based on Accounting Standard Code 805, *Business Combinations* ("ASC 805"), and uses the fair value concepts defined in ASC 820, *Fair Value Measurements* ("ASC 820"). Certain reclassifications have been made to the historical financial statements of LPS to conform to FNF's presentation. Included in these reclassifications on the Unaudited Pro Forma Condensed Combined Balance Sheet were adjustments to convert the LPS balance sheet to an unclassified presentation, and presentation of LPS' fixed maturities available for sale, title plants and reserve for title claim losses on a separate line. On the Unaudited Pro Forma Condensed Combined Statements of Earnings, reclassifications included presentation of LPS' title premiums from direct agency operations, personnel costs and provision for title claim losses on a separate line item.

ASC 805 requires that most assets acquired and liabilities assumed be recognized at their fair values as of the date of the merger. In addition, ASC 805 establishes that the consideration transferred be measured at the closing date of the merger at the then-current market price; this particular requirement will likely result in a per share equity component that is different from the amount assumed in these unaudited pro forma condensed combined financial statements.

ASC 820 defines the term “fair value” and sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined in ASC 820 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, FNF may be required to record assets which are not intended to be used or sold and/or to value assets at fair value measures that do not reflect FNF’s intended use of those assets. Many of these fair value measurements can be highly subjective and it is also possible that others applying reasonable judgment to the same facts and circumstances could develop and support a range of alternative estimated amounts.

Under the acquisition method of accounting, the assets acquired and liabilities assumed will be recorded as of the closing of the merger at their respective fair values and added to those of FNF. Financial statements and reported results of operations of FNF issued after the closing of the merger will reflect these values, but will not be retroactively restated to reflect the historical financial position or results of operations of LPS.

Under ASC 805, acquisition-related transaction costs (such as advisory, legal, valuation and other professional fees) and certain acquisition-related restructuring charges impacting the target company are not included as a component of consideration transferred but are accounted for as expenses in the periods in which the costs are incurred. Total acquisition-related transaction costs expected to be incurred by FNF are estimated to be approximately $95 million, including $15 million of debt issuance costs which FNF expects to capitalize. The estimated acquisition-related transaction costs are reflected in these unaudited pro forma condensed combined financial statements as a reduction to cash and cash equivalents of $68 million, an increase to other intangible assets of $15 million, a decrease to income taxes payable of $19 million, calculated at a 38% estimated effective income tax rate, and a decrease to retained earnings of $34 million, net of tax. Actual non-recurring transaction costs of $6 million incurred during the six months ended June 30, 2013 have been eliminated in the Pro Forma Condensed Combined Statements of Earnings (Note 6, item (p)) as prescribed by Article 11 of Regulation S-X. The unaudited pro forma condensed combined financial statements do not reflect any acquisition-related restructuring charges to be incurred in connection with the merger. These costs will be expensed as incurred.

In connection with the merger, the vesting of certain share-based awards granted under the existing LPS stock award plans will accelerate under the change in control provisions relating to those grants. The charge to compensation expense that will be recorded upon the consummation of the merger relating to those grants is approximately $38 million, if measured based on a July 1, 2013 closing date. The unaudited pro forma condensed combined financial statements reflect this additional compensation expense as an increase to personnel costs of $38 million, net of estimated tax effect of $14 million for the year ended December 31, 2012. Actual stock compensation expense for the six months ended June 30, 2013, has been eliminated in the Pro Forma Condensed Combined Statements of Earnings (Note 6, item (q)).

3. Accounting Policies

Upon consummation of the merger, FNF will review LPS’ accounting policies. As a result of that review, it may become necessary to adjust the combined entity’s financial statements to conform to those accounting policies that are determined to be more appropriate for the combined entity. The unaudited pro forma condensed combined financial statements do not assume any differences in accounting policies.

4. Estimate of Consideration Expected to be Transferred

The following is a preliminary estimate of consideration expected to be transferred to effect the merger of FNF and LPS:

	Conversion Calculation	Estimated Fair Value	Form of Consideration
	(In millions, except per share amounts)		
Number of shares of LPS common stock outstanding as of August 31, 2013 (87,017,046)	87		
Number of shares of LPS stock options expected to vest and be exchanged for the merger consideration (1,054,408)	1		
FNF common stock (b)	17	$ 427	FNF common stock
Cash consideration of $28.40 per share of LPS common stock		2,501	Cash
Estimate of consideration expected to be transferred (a)	$ 33.25	$ 2,928	

(a) The estimated consideration expected to be transferred reflected in these unaudited pro forma condensed combined financial statements does not purport to represent what the actual consideration transferred will be when the merger is consummated. In accordance with ASC 805, the fair value of equity securities issued as part of the consideration transferred will be measured on the closing date of the merger at the then-current market price. This requirement will likely result in a per share equity component different from the $33.25 assumed in these unaudited pro forma condensed combined financial statements and that difference may be material. For example, a 10% change in the estimated consideration transferred would be an increase or decrease of approximately $292.8 million in the consideration transferred. FNF's common stock has traded within a range of $27.17-$21.99 since the announcement of the merger agreement.

5. Estimate of Assets to be Acquired and Liabilities to be Assumed

The following is a preliminary estimate of the assets to be acquired and the liabilities to be assumed by FNF in the merger, reconciled to the estimate of consideration expected to be transferred:

	(In millions)
Book value of LPS net assets acquired at June 30, 2013	$ 611
Adjusted for:	
Elimination of existing goodwill, capitalized software, capitalized debt issuance costs and other intangible assets	(1,410)
Adjusted book value of net assets acquired	$ (799)
Adjustments to:	
Other identifiable intangible assets (I)	$ 1,310
Capitalized software (I)	460
Prepaid and other assets	(39)
Accounts payable and other accrued liabilities	5
Deferred revenues	41
Deferred income taxes (II)	(431)
Long-term debt	(48)
Goodwill (III)	2,429
Estimate of consideration expected to be transferred	$ 2,928

(I) As of the effective time of the merger, identifiable intangible assets, including capitalized software, are required to be measured at fair value and these acquired assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. For purposes of these unaudited pro forma condensed combined financial statements, it is assumed that all assets will be used and that all assets will be used in a manner that represents the highest and best use of those assets, but it is not assumed that any market participant synergies will be achieved. The consideration of synergies has been excluded because they are not considered to be factually supportable, which is a required condition for these pro forma adjustments.

The fair value of identifiable intangible assets will be determined using the "income method," which starts with a preliminary forecast of all the expected future net cash flows. At this time, FNF does not have sufficient information as to the amount, timing and risk of cash flows of intangible assets to conclude on the value of the identified intangible assets, and as a result amounts shown above are subject to change.

(II) As of the effective date of the merger, FNF will provide deferred taxes and other tax adjustments as part of the accounting for the merger, primarily related to the estimated fair value adjustments for acquired intangibles (Note 6., items (h) and (i)).

(III) Goodwill is calculated as the difference between the acquisition date fair value of the consideration expected to be transferred and the values assigned to the assets acquired and liabilities assumed. Goodwill is not amortized.

6. Pro Forma Adjustments

This note should be read in conjunction with other notes in the unaudited pro forma condensed combined financial statements. Adjustments included in the column under the heading "Pro Forma Adjustments" represent the following:

(a) To record the estimated cash sources and uses to fund the acquisition of LPS as well as estimated transaction costs of $68 million, the proceeds from THL as a result of the sale of a minority interest in BKFS, and $468 million to fund the retirement of the LPS Term A Loan.

	(In millions)
Cash sources:	
New FNF Term Loan A	$ 1,100
Amount drawn on New FNF Revolving Credit Facility	300
Proceeds from Bridge Loan Financing	800
Proceeds from common stock offering	386
Proceeds from sale of 35% of BKFS to THL	701
Cash uses:	
Cash consideration	(2,501)
Repayment of Bridge Loan Financing	(800)
Repayment of LPS' outstanding Term A Loan	(468)
Estimated transaction costs, net of amounts reimbursed by THL	(55)
Total	$ (537)

(b) To adjust goodwill to an estimate of acquisition-date fair value, as follows:

	(In millions)
Eliminate LPS historical goodwill	$ (1,109)
Estimated transaction goodwill	2,429
Total	$ 1,320

(c) To eliminate LPS' deferred contract costs, which have no continuing benefit to the combined entity.

(d) To adjust capitalized software to an estimate of acquisition-date fair value, as follows:

	(In millions)
Eliminate LPS historical capitalized software	$ (262)
Estimated transaction capitalized software	460
Total	$ 198

(e) To adjust intangible assets to an estimate of fair value, as follows:

	(In millions)
Eliminate LPS other intangible assets	$ (20)
Eliminate LPS deferred debt issue costs	(19)
Estimated new debt issue costs	17
Estimated fair value of intangible assets acquired – customer relationships	860
Estimated fair value of intangible assets acquired – trade names	450
	$ 1,288

(f) To eliminate LPS' interest rate swap liability, which will be terminated upon extinguishment of the related LPS $468 million Term A Loan.

(g) To record the net change in long-term debt as follows:

	(In millions)
Increase LPS senior unsecured debt to fair value based on a current market rate of 108%	$ 48
Repay LPS' outstanding Term A Loan (1)	(468)
New FNF long-term borrowings (1)	1,400
	$ 980

(1) FNF intends to use a majority of the proceeds from new debt instruments to pay a portion of the aggregate merger consideration and the related costs, fees and expenses. The new debt instruments connected with the merger could take any of several forms or any combination of them, including but not limited to the following: (i) FNF may issue and sell senior notes in the public and/or private capital markets; (ii) FNF may borrow up to $1.1 billion under a new senior unsecured delayed draw term loan facility,

which would be provided pursuant to the term loan credit agreement dated as of July 11, 2013 among FNF, Bank of America, N.A. as administrative agent and the financial institutions party thereto, which FNF expects to amend to permit indebtedness to be incurred under the bridge facility, and (iii) FNF may borrow under its third amended and restated revolving credit facility. On June 25, 2013, FNF entered into an amendment to amend and restate its 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 "restated credit agreement"). FNF expects to enter into an additional amendment to the restated credit agreement to permit indebtedness to be incurred under the bridge facility. Among other changes, the restated credit agreement amends the existing credit agreement to permit FNF to make a borrowing under the restated credit agreement to finance a portion of the acquisition of LPS on a "limited conditionality" basis, incorporates other technical changes to permit FNF to enter into the acquisition and extends the maturity of the existing credit agreement. 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) one-half of one percent in excess of the federal funds rate, (b) the administrative agent's "prime rate", or (c) the sum of one percent plus one-month LIBOR) plus the applicable margin depending on the senior unsecured long-term debt ratings of FNF or (ii) LIBOR plus the applicable margin depending on the senior unsecured long-term debt ratings of FNF. At the 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 145 basis points.

FNF expects to enter into a debt financing commitment letter (the "Bridge Commitment Letter") with Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bank of America, N.A., J.P. Morgan Securities LLC and JPMorgan Chase Bank, N.A. The Bridge Commitment Letter will provide for an $800 million bridge facility. Pursuant to the Bridge Commitment Letter, we will enter into a promissory note with the bridge facility lenders on the funding date of the Bridge Facility that will include the terms of the bridge facility and will incorporate applicable terms from the term loan facility, as amended by the amendment discussed above. The proceeds of the loans under the bridge facility will be used to fund, in part, the cash consideration for the merger and pay certain costs, fees and expenses in connection with the merger. Funding under the bridge facility is conditioned on entry into the amendment to the term loan and the additional amendment to the revolving credit facility discussed above.

The remainder of the proceeds will be used to repay LPS' outstanding Term A Loan.

FNF projects a net increase to pro forma interest expense of $36 million per year (or approximately $8 million per quarter) as a result of the new debt instruments and a reduction of $14 million per year (or approximately $3 million per quarter) as a result of retiring the LPS Term A Loan.

(h) To reduce LPS' deferred revenues to estimated fair value. Certain revenues are deferred for accounting purposes but require minimal or no future incremental direct costs in order to be recognized. The net effect is a 50% reduction to total LPS deferred revenues, or $41 million as of June 30, 2013.

(i) To record the tax effect of $14 million, which was calculated using a 35% statutory income tax rate, on the net estimated acquisition-transaction costs of $55 million, net of capitalized debt issuance costs of $17 million and amounts directly reimbursed by THL.

(j) To record the estimated impact on deferred income taxes of fair value pro forma adjustments, as follows:

	(In millions)
Capitalized software	$ 198
Other intangible assets	1,271
Prepaid and other assets	(39)
Deferred revenue	41
Long-term debt	(48)
Reverse historical LPS deferred tax asset on other intangible assets	(289)
	$ 1,134
FNF estimated blended tax rate	38%
	$ 431

(k) To eliminate LPS additional paid-in capital and to record the stock portion of the acquisition consideration at fair value less par, as follows:

	(In millions)
Eliminate LPS additional paid in capital	$ (245)
Proceeds from common stock offering	386
Issuance of FNF common stock as merger consideration	427
	$ 568

(l) To eliminate LPS' retained earnings, and to record estimated non-recurring costs of FNF for acquisition-related transaction costs, as follows:

		(In millions)
Eliminate LPS retained earnings	$	(751)
Estimated $55 million acquisition-related transaction costs, assumed to be non-recurring, excluding capitalized debt issuance costs of $17 million, net of tax		(24)
	$	(775)

(m) To eliminate LPS' treasury stock and accumulated other comprehensive loss.

(n) To eliminate operating revenue and expense activity between FNF and LPS, including the following items:

	Six Months Ended June 30, 2013		Year Ended December 31, 2012	
	(In millions)			
Direct title insurance premiums (1)	$	—	$	2
Agency title insurance premiums (1)		(2)		(16)
Escrow, title-related and other fees (2)		(17)		(35)
Revenue eliminations		(19)		(49)
Agent commissions (1)		(2)		(14)
Other operating expenses (2)		(17)		(35)
Expense eliminations	$	(19)	$	(49)

(1) The adjustments to Direct title insurance premiums, Agency title insurance premiums and Agent commissions result from title revenue generated by LPS as a third party agent of FNF, which was recorded as title premiums on LPS' historical financial statements and was recorded as Agency title premiums and the corresponding Agent commission paid to LPS by FNF on FNF's historical financial statements. In the unaudited pro forma condensed combined financial statements, amounts are presented as if LPS was operating as an affiliated agent of FNF.

(2) The adjustments to Escrow, title-related and other fees as well as other operating expenses include reversing amounts paid by LPS to FNF for title plant access, amounts paid by LPS to FNF for certain corporate services including corporate aircraft usage, and license fees paid by FNF to LPS for an LPS software product.

(o) To reverse $3 million of impairments on capitalized software recorded by LPS during the year ended December 31, 2012.

(p) To record the following adjustments to personnel cost:

	Six Months Ended June 30, 2013		Year Ended December 31, 2012	
	(In millions)			
Reverse share-based compensation recorded by LPS	$	(14)	$	(26)
Record estimated expense related to acceleration of LPS unvested share-based compensation at the acquisition date as a result of the change in control		—		38
	$	(14)	$	12

(q) To reverse $3 million of transaction costs incurred by FNF and $3 million of transaction costs incurred by LPS during the six months ending June 30, 2013, related to the merger.

(r) To record the following adjustments to depreciation and amortization:

	Six Months Ended June 30, 2013	Year Ended December 31, 2012
	(In millions)	
Estimated LPS other intangible asset and capitalized software amortization based on estimated fair value	$ 90	$ 180
Reverse amortization of LPS intangible assets and capitalized software eliminated in purchase accounting	(36)	(65)
	$ 54	$ 115

The assumed life for the other intangible assets is 12 years and amortization is estimated using the accelerated, pattern-of-benefit amortization method, resulting in amortization for the first 5 years as follows:

	(In millions)
Year 1	$ 134
Year 2	140
Year 3	113
Year 4	102
Year 5	90

The assumed life for the capitalized software assets is 10 years, resulting in estimated amortization of $46 million per year.

(s) To record the following adjustments to interest expense:

	Six Months Ended June 30, 2013	Year Ended December 31, 2012
	(In millions)	
Eliminate amortization of debt issuance costs recorded by LPS	$ (2)	$ (12)
Eliminate interest expense related to LPS interest rate swaps	(2)	(4)
Estimated amortization of new debt issue costs of $15 million	2	3
Eliminate interest on LPS' outstanding Term A Loan which will be repaid as part of the merger	(6)	(14)
Estimated interest on new FNF borrowings	15	36
	$ 7	$ 9

(t) To record the tax effect of the pro forma revenue and expense adjustments based on an estimated tax rate of 38% for the six-month period ended June 30, 2013 and for the year ended December 31, 2012.

(u) To reverse the $8 million gain, net of tax of $5 million, on the sale of SoftPro by LPS to FNF recognized in the year ended December 31, 2012 by LPS.

(v) To record the adjustments to noncontrolling interest and net earnings attributable to noncontrolling interest ownership of THL subsequent to the merger as follows:

		Six Months Ended June 30, 2013
Increase in Noncontrolling interest due to THL's minority ownership of BKFS	$	701

		Six Months Ended June 30, 2013		Year Ended December 31, 2012
Adjustment to Net earnings attributable to noncontrolling interests on historical net earnings of legacy LPS, based on THL's pro forma ownership of BKFS	$	26	$	20
Adjustment to Net earnings attributable to noncontrolling interests on historical net earnings of ServiceLink, based on THL's pro forma ownership of BKFS		21		21
Adjustment to Net earnings attributable to noncontrolling interests on pro forma revenue and expense adjustments, net of tax, based on THL's minority ownership of BKFS		(22)		(42)
Total adjustment to noncontrolling interest expense	$	25	$	(1)

(w) The adjustment to weighted average shares outstanding — basic and diluted is calculated as follows (in millions):

	Six Months June 30, 2013	Year Ended December 31, 2012
Eliminate LPS shares	(85)	(85)
FNF common shares issued in October 2013 offering (1)	16	16
FNF common shares issued as consideration for acquisition of LPS (1)	17	17
	(52)	(52)

(1) Based on the reference price of $25.489

The unaudited pro forma combined basic and diluted earnings per share for the periods presented are based on the combined basic and diluted weighted-average shares outstanding. The historical basic and diluted weighted average shares of LPS were assumed to be replaced by the shares expected to be issued by FNF in the merger.

Certain non-recurring or infrequent items are included in the historical results of LPS and FNF for the year ended December 31, 2012. During 2012, in Realized gains and losses, net, FNF recognized a pre-tax gain of $151 million on the consolidation of its Restaurant group and Remy, investments for which FNF previously held a minority interest, but acquired a controlling interest during 2012. FNF also recognized a $49 million pre-tax bargain purchase gain on the purchase of O'Charley's, Inc in Realized gains and losses, net. During 2012, LPS incurred pre-tax exit and disposal costs of $11 million which were unrelated to discontinued operations. During 2012, LPS incurred pre-tax legal and regulatory contingency charges of $192 million for estimated settlement and third-party legal expenses related to various ongoing legal and regulatory matters, including those related to inquiries made by governmental agencies and claims made by civil litigants concerning various past business practices in its default operations. These charges are included within Other operating expenses.

The unaudited pro forma condensed combined financial statements do not reflect the anticipated possible realization of annual cost savings of $100 million. These savings are expected to be derived from infrastructure consolidation, overhead redundancies, product portfolio rationalization and supplier rationalization. There can be no assurance that these cost savings will be achieved. In connection with elimination of overhead redundancies and rationalization, certain change-in-control and severance payments may be made in connection with the merger. The unaudited pro forma condensed combined financial statements do not reflect these charges. The unaudited pro forma condensed combined financial statements do not reflect estimated merger-related restructuring charges associated with the expected cost savings, which will be expensed as incurred.

The unaudited pro forma condensed combined financial statements do not present a combined dividend per share amount.

Fidelity National Financial, Inc.

Third Quarter 2013 Operating Results

The following are summary consolidated financial and operational results for Fidelity National Financial, Inc. for the three-month and nine-month periods ended September 30, 2013 and 2012:

FIDELITY NATIONAL FINANCIAL, INC.
SUMMARY OF EARNINGS
(In millions, except order information in 000's)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Direct title premiums	$ 472	$ 436	$1,377	$1,215
Agency title premiums	630	569	1,779	1,501
Total title premiums	1,102	1,005	3,156	2,716
Escrow, title-related and other fees	437	428	1,361	1,228
Total title and escrow	1,539	1,433	4,517	3,944
Restaurant revenue	336	298	1,037	551
Remy revenue	266	143	834	143
Interest and investment income	29	36	99	109
Realized gains and losses	4	123	7	193
Total revenue	2,174	2,033	6,494	4,940
Personnel costs	540	470	1,605	1,322
Other operating expenses	329	331	1,020	932
Cost of restaurant revenue	292	258	889	473
Cost of Remy revenue (includes $19, $6, $55 and $6 of D&A, respectively)	223	125	704	125
Agent commissions	482	432	1,352	1,144
Depreciation and amortization	36	28	104	71
Title claim loss expense	77	69	221	200
Interest expense	27	19	71	50
Total expenses	2,006	1,732	5,966	4,317
Earnings from continuing operations before taxes	168	301	528	623
Income tax expense	54	70	172	188
Earnings from continuing operations before equity investments	114	231	356	435
Earnings from equity investments	(14)	5	(20)	13
Net earnings from continuing operations	100	236	336	448
Income from discontinued operations, net of tax	—	(1)	(2)	11
Net earnings	100	235	334	459
Non-controlling interests	2	1	8	4
Net earnings attributable to common shareholders	$ 98	$ 234	$ 326	$ 455
Earnings per share:				
Net earnings attributable to common shareholders – basic	$ 0.43	$ 1.06	$ 1.45	$ 2.07
Net earnings attributable to common shareholders – diluted	$ 0.43	$ 1.04	$ 1.42	$ 2.02
Weighted average shares – basic	226	221	225	220
Weighted average shares – diluted	230	226	230	225
Direct operations orders opened (000's)	474	707	1,789	2,025
Direct operations orders closed (000's)	410	480	1,401	1,349
Fee per file	$ 1,807	$ 1,467	$1,568	$1,456
Actual title claims paid	$ 103	$ 97	$ 303	$ 302

FIDELITY NATIONAL FINANCIAL, INC.
THIRD QUARTER SEGMENT INFORMATION
(In millions, except order information in 000's)
(Unaudited)

Three Months Ended September 30, 2013	Consolidated	FNT	Restaurant Group	Remy	Corporate and Other
Gross operating revenue	$ 2,141	$1,507	$ 336	$ 266	$ 32
Interest and investment income	29	29	—	1	(1)
Realized gains and losses	4	3	2	(1)	—
Total revenue	2,174	1,539	338	266	31
Personnel costs	540	467	16	19	38
Other operating expenses	329	276	15	13	25
Cost of revenue	515	—	292	223	—
Agent commissions	482	482	—	—	—
Depreciation and amortization	36	16	13	1	6
Title claim loss expense	77	77	—	—	—
Interest expense	27	—	2	6	19
Total expenses	2,006	1,318	338	262	88
Pre-tax earnings from continuing operations	168	221	—	4	(57)
Pre-tax margin	7.7%	14.4%	—	1.5%	—
Adjusted pre-tax margin	7.6%	14.2%	—	1.9%	—
Open orders	474	474	—	—	—
Closed orders	410	410	—	—	—

Three Months Ended September 30, 2012	Consolidated	FNT	Restaurant Group	Remy	Corporate and Other
Gross operating revenue	$ 1,874	$1,418	298	143	$ 15
Interest and investment income	36	34	—	—	2
Realized gains and losses	123	—	50	79	(6)
Total revenue	2,033	1,452	348	222	11
Personnel costs	470	436	17	8	9
Other operating expenses	331	289	18	5	19
Cost of revenue	383		258	125	
Agent commissions	432	432	—	—	—
Depreciation and amortization	28	17	11	—	—
Title claim loss expense	69	69	—	—	—
Interest expense	19	—	1	4	14
Total expenses	1,732	1,243	305	142	42
Pre-tax earnings from continuing operations	301	209	43	80	(31)
Pre-tax margin	14.8%	14.4%	12.3%	36.0%	—
Adjusted pre-tax margin	9.3%	14.4%	—	0.7%	—
Open orders	707	707	—	—	—
Closed orders	480	480	—	—	—

FIDELITY NATIONAL FINANCIAL, INC.

YTD SEGMENT INFORMATION

(In millions, except order information in 000's)

(Unaudited)

Nine Months Ended September 30, 2013	Consolidated	FNT	Restaurant Group	Remy	Corporate and Other
Gross operating revenue	$ 6,388	$4,422	$ 1,037	$ 834	$ 95
Interest and investment income	99	97	—	1	1
Realized gains and losses	7	10	—	(4)	1
Total revenue	6,494	4,529	1,037	831	97
Personnel costs	1,605	1,400	47	65	93
Other operating expenses	1,020	845	50	36	89
Cost of revenue	1,593	—	889	704	—
Agent commissions	1,352	1,352	—	—	—
Depreciation and amortization	104	49	40	3	12
Title claim loss expense	221	221	—	—	—
Interest expense	71	—	6	16	49
Total expenses	5,966	3,867	1,032	824	243
Pre-tax earnings from continuing operations	528	662	5	7	(146)
Pre-tax margin	8.1%	14.6%	0.5%	0.8%	—
Adjusted pre-tax margin	8.0%	14.4%	0.5%	1.3%	—
Open orders	1,789	1,789	—	—	—
Closed orders	1,401	1,401	—	—	—

Nine Months Ended September 30, 2012	Consolidated	FNT	Restaurant Group	Remy	Corporate and Other
Gross operating revenue	$ 4,638	$3,900	551	143	$ 44
Interest and investment income	109	104	—	—	5
Realized gains and losses	193	5	121	79	(12)
Total revenue	4,940	4,009	672	222	37
Personnel costs	1,322	1,263	25	8	26
Other operating expenses	932	827	46	5	54
Cost of revenue	598	—	473	125	
Agent commissions	1,144	1,144	—	—	—
Depreciation and amortization	71	49	20	—	2
Title claim loss expense	200	200	—	—	—
Interest expense	50	—	2	4	44
Total expenses	4,317	3,483	566	142	126
Pre-tax earnings from continuing operations	623	526	106	80	(89)
Pre-tax margin	12.6%	13.1%	15.8%	36.0%	—
Adjusted pre-tax margin	9.1%	13.3%	—	0.7%	—
Open orders	2,025	2,025	—	—	—
Closed orders	1,349	1,349	—	—	—

FIDELITY NATIONAL FINANCIAL, INC.

SUMMARY BALANCE SHEET INFORMATION

(In millions, except per share amounts)

	September 30, 2013 (Unaudited)	December 31, 2012
Cash and investment portfolio	$ 5,252	$ 5,186
Goodwill	1,894	1,909
Title plant	374	374
Total assets	10,077	9,903
Notes payable	1,348	1,344
Reserve for title claim losses	1,695	1,748
Secured trust deposits	644	528
Total equity	4,940	4,749
Book value per share	$ 21.51	$ 20.78

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LENDER PROCESSING SERVICES, INC.
AND SUBSIDIARIES
INDEX TO FINANCIAL INFORMATION

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Lender Processing Services, Inc.:

We have audited the accompanying consolidated balance sheets of Lender Processing Services, Inc. and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of earnings, comprehensive earnings, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

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

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Lender Processing Services, Inc.'s and subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 25, 2013 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

February 25, 2013
Jacksonville, Florida
Certified Public Accountants

LENDER PROCESSING SERVICES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2012 and 2011

	2012	2011
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 236,241	$ 77,355
Trade receivables, net	274,783	345,048
Other receivables	3,800	1,423
Prepaid expenses and other current assets	41,541	33,004
Deferred income taxes, net	127,742	74,006
Total current assets	684,107	530,836
Property and equipment, net	126,633	121,245
Computer software, net	245,271	228,882
Other intangible assets, net	23,670	39,140
Goodwill	1,109,304	1,132,828
Other non-current assets (inclusive of investments carried at fair value)—see note 5	256,849	192,484
Total assets	$2,445,834	$2,245,415
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ —	$ 39,310
Trade accounts payable	38,901	43,105
Accrued salaries and benefits	107,984	64,383
Legal and regulatory accrual	223,149	78,483
Other accrued liabilities	169,458	168,627
Deferred revenues	58,868	64,078
Total current liabilities	598,360	457,986
Deferred revenues	24,987	34,737
Deferred income taxes, net	174,303	122,755
Long-term debt, net of current portion	1,068,125	1,109,850
Other non-current liabilities	37,163	32,099
Total liabilities	1,902,938	1,757,427
Commitments and contingencies (note 14)		
Stockholders' equity:		
Preferred stock $0.0001 par value; 50 million shares authorized, none issued at December 31, 2012 and 2011	—	—
Common stock $0.0001 par value; 500 million shares authorized, 97.4 million shares issued at December 31, 2012 and 2011	10	10
Additional paid-in capital	250,016	250,533
Retained earnings	694,148	658,146
Accumulated other comprehensive loss	(3,079)	(1,783)
Treasury stock at cost; 12.5 million and 13.0 million shares at December 31, 2012 and 2011, respectively	(398,199)	(418,918)
Total stockholders' equity	542,896	487,988
Total liabilities and stockholders' equity	$2,445,834	$2,245,415

See accompanying notes to consolidated financial statements.

LENDER PROCESSING SERVICES, INC.
AND SUBSIDIARIES
Consolidated Statements of Earnings
Years ended December 31, 2012, 2011 and 2010

	2012	2011	2010
	(In thousands, except per share amounts)		
Revenues	$1,997,651	$1,983,433	$2,196,551
Expenses:			
Operating expenses	1,465,095	1,480,371	1,533,060
Depreciation and amortization	96,744	88,942	87,449
Legal and regulatory charges	192,417	78,484	—
Exit costs, impairments and other charges	10,460	56,912	14,069
Total expenses	1,764,716	1,704,709	1,634,578
Operating income	232,935	278,724	561,973
Other income (expense):			
Interest income	1,862	1,451	982
Interest expense	(88,008)	(67,583)	(71,277)
Other income (expense), net	194	(181)	340
Total other income (expense)	(85,952)	(66,313)	(69,955)
Earnings from continuing operations before income taxes	146,983	212,411	492,018
Provision for income taxes	67,546	77,167	186,964
Net earnings from continuing operations	79,437	135,244	305,054
Loss from discontinued operations, net of tax	(9,078)	(38,701)	(2,710)
Net earnings	70,359	96,543	302,344
Net earnings per share — basic from continuing operations	$ 0.94	$ 1.58	$ 3.28
Net loss per share — basic from discontinued operations	(0.11)	(0.45)	(0.03)
Net earnings per share — basic	$ 0.83	$ 1.13	$ 3.25
Weighted average shares outstanding — basic	84,647	85,554	93,095
Net earnings per share — diluted from continuing operations	$ 0.93	$ 1.58	$ 3.26
Net loss per share — diluted from discontinued operations	(0.10)	(0.45)	(0.03)
Net earnings per share — diluted	$ 0.83	$ 1.13	$ 3.23
Weighted average shares outstanding — diluted	84,857	85,685	93,559

See accompanying notes to consolidated financial statements.

LENDER PROCESSING SERVICES, INC.
AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings
Years ended December 31, 2012, 2011 and 2010

	2012	2011	2010
		(In thousands)	
Net earnings	$70,359	$96,543	$302,344
Other comprehensive earnings (loss):			
Unrealized gain (loss) on other investments, net of tax	663	1,267	(224)
Unrealized gain (loss) on interest rate swaps, net of tax (1)	(1,959)	(2,767)	7,571
Other comprehensive earnings (loss)	(1,296)	(1,500)	7,347
Comprehensive earnings	$69,063	$95,043	$309,691

(1) Net of income tax expense (benefit) of $(1.2) million, $(1.8) million and $4.7 million for the years ended December 31, 2012, 2011 and 2010.

See accompanying notes to consolidated financial statements.

LENDER PROCESSING SERVICES, INC.
AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
Years ended December 31, 2012, 2011 and 2010

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Shares	Treasury Stock	Total Equity
				(In thousands)				
Balances, December 31, 2009	97,049	$ 10	$173,424	$330,963	$ (7,630)	(1,210)	$ (40,909)	$ 455,858
Net earnings	—	—	—	302,344	—	—	—	302,344
Issuance of restricted stock	2	—	—	—	—	—	—	—
Cash dividends declared (1) (2)	—	—	—	(37,139)	—	—	—	(37,139)
Exercise of stock options and restricted stock vesting	376	—	11,230	—	—	54	881	12,111
Tax benefit associated with equity compensation	—	—	165	—	—	—	—	165
Stock-based compensation	—	—	32,077	—	—	—	—	32,077
Treasury stock repurchases	—	—	—	—	—	(7,425)	(246,549)	(246,549)
Unrealized loss on investments, net	—	—	—	—	(224)	—	—	(224)
Unrealized gain on interest rate swaps, net	—	—	—	—	7,571	—	—	7,571
Balances, December 31, 2010	97,427	10	216,896	596,168	(283)	(8,581)	(286,577)	526,214
Net earnings	—	—	—	96,543	—	—	—	96,543
Cash dividends declared (1) (2)	—	—	—	(34,565)	—	—	—	(34,565)
Exercise of stock options and restricted stock vesting	—	—	(7,199)	—	—	121	4,537	(2,662)
Income tax expense from exercise of stock options	—	—	(873)	—	—	—	—	(873)
Stock-based compensation	—	—	41,709	—	—	—	—	41,709
Treasury stock repurchases	—	—	—	—	—	(4,561)	(136,878)	(136,878)
Unrealized gain on investments, net	—	—	—	—	1,267	—	—	1,267
Unrealized loss on interest rate swaps, net	—	—	—	—	(2,767)	—	—	(2,767)
Balances, December 31, 2011	97,427	10	250,533	658,146	(1,783)	(13,021)	(418,918)	487,988
Net earnings	—	—	—	70,359	—	—	—	70,359
Cash dividends declared (1) (2)	—	—	—	(34,357)	—	—	—	(34,357)
Exercise of stock options and restricted stock vesting	—	—	(23,400)	—	—	507	20,719	(2,681)
Income tax expense from exercise of stock options	—	—	(2,866)	—	—	—	—	(2,866)
Stock-based compensation	—	—	25,749	—	—	—	—	25,749
Unrealized gain on investments, net	—	—	—	—	663	—	—	663
Unrealized loss on interest rate swaps, net	—	—	—	—	(1,959)	—	—	(1,959)
Balances, December 31, 2012	97,427	$ 10	$250,016	$694,148	$ (3,079)	(12,514)	$(398,199)	$ 542,896

(1) Dividends were paid at $0.10 per common share per quarter.
(2) Dividends declared includes dividends accrued on restricted stock that are not paid until a vesting occurs.

See accompanying notes to consolidated financial statements.

LENDER PROCESSING SERVICES, INC.
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended December 31, 2012, 2011 and 2010

	2012	2011	2010
		(In thousands)	
Cash flows from operating activities:			
Net earnings	$ 70,359	$ 96,543	$ 302,344
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	98,778	98,828	98,761
Amortization of debt issuance costs	12,250	10,017	4,716
(Gain) loss on sale of discontinued operations	(20,207)	849	—
Asset impairment charges	6,603	71,995	—
Deferred income taxes, net	(3,654)	(4,761)	30,417
Stock-based compensation cost	25,749	41,709	32,077
Income tax effect of equity compensation	(891)	873	(165)
Changes in assets and liabilities, net of effects of acquisitions:			
Trade receivables	62,571	72,446	(17,802)
Other receivables	(896)	3,303	(1,126)
Prepaid expenses and other assets	(27,168)	(6,274)	(22,859)
Deferred revenues	18,054	3,975	(11,687)
Accounts payable, accrued liabilities and other liabilities	192,914	88,356	34,018
Net cash provided by operating activities	434,462	477,859	448,694
Cash flows from investing activities:			
Additions to property and equipment	(38,905)	(32,768)	(40,653)
Additions to capitalized software	(74,423)	(72,111)	(67,603)
Purchases of investments	(24,533)	(25,211)	(21,206)
Proceeds from sale of investments	5,917	3,702	250
Acquisition of title plants and property records data	(44,766)	(23,967)	(4,401)
Acquisitions, net of cash acquired	(12,250)	(9,802)	(18,823)
Proceeds from sale of discontinued operations, net of cash distributed	42,628	4,451	—
Net cash used in investing activities	(146,332)	(155,706)	(152,436)
Cash flows from financing activities:			
Borrowings	600,000	1,005,000	—
Debt service payments	(318,957)	(1,100,242)	(40,109)
Debt issuance costs paid	(10,622)	(22,059)	—
Exercise of stock options and restricted stock vesting	(2,681)	(2,662)	12,111
Income tax effect of equity compensation	891	(873)	165
Dividends paid	(33,875)	(34,446)	(37,139)
Treasury stock repurchases	—	(136,878)	(246,549)
Bond repurchases	(362,000)	(4,925)	—
Payment of contingent consideration related to acquisitions	(2,000)	—	(2,978)
Net cash used in financing activities	(129,244)	(297,085)	(314,499)
Net increase (decrease) in cash and cash equivalents	158,886	25,068	(18,241)
Cash and cash equivalents, beginning of year	77,355	52,287	70,528
Cash and cash equivalents, end of year	$ 236,241	$ 77,355	$ 52,287
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 68,827	$ 56,975	$ 69,005
Cash paid for taxes	$ 74,704	$ 56,538	$ 151,436

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Except as otherwise indicated or unless the context otherwise requires, all references to "LPS," "we," the "Company," or the "registrant" are to Lender Processing Services, Inc., a Delaware corporation that was incorporated in December 2007 as a wholly-owned subsidiary of FIS, and its subsidiaries; all references to "FIS," the "former parent," or the "holding company" are to Fidelity National Information Services, Inc., a Georgia corporation formerly known as Certegy Inc., and its subsidiaries, that owned all of LPS's shares until July 2, 2008; and all references to "FNF" are to Fidelity National Financial, Inc. (formerly known as Fidelity National Title Group, Inc.).

(1) Description of Business

Lender Processing Services, Inc. Spin-off Transaction

Our former parent, Fidelity National Information Services, Inc., is a Georgia corporation formerly known as Certegy Inc. In October 2007, the board of directors of FIS approved a plan of restructuring pursuant to which FIS would spin off its lender processing services segment to its shareholders in a tax free distribution. Pursuant to this plan of restructuring, on June 16, 2008, FIS contributed to us substantially all of its interest in the assets, liabilities, businesses and employees related to FIS's lender processing services operations in exchange for shares of our common stock and $1,585.0 million aggregate principal amount of our debt obligations, including our senior notes and debt obligations under our 2008 Credit Agreement described in note 13.

On July 2, 2008, FIS distributed to its shareholders a dividend of one-half share of our common stock, par value $0.0001 per share, for each issued and outstanding share of FIS common stock held on June 24, 2008, which we refer to as the "spin-off." Also on July 2, 2008, FIS exchanged 100% of our debt obligations for a like amount of FIS's existing Tranche B Term Loans issued under its Credit Agreement dated as of January 18, 2007. The spin-off was tax-free to FIS and its shareholders, and the debt-for-debt exchange undertaken in connection with the spin-off was tax-free to FIS. On July 3, 2008, we commenced regular way trading on the New York Stock Exchange under the trading symbol "LPS."

Reporting Segments

We are a provider of integrated technology, data and services to the mortgage lending industry, with a market leading position in mortgage processing in the United States (the "U.S."). We conduct our operations through two reporting segments, Technology, Data and Analytics and Transaction Services.

Our Technology, Data and Analytics ("TD&A") segment principally includes:

- our mortgage processing services, which we conduct using our mortgage servicing platform ("MSP") and our team of experienced support personnel;
- our Desktop application, a workflow system that assists our customers in managing business processes, which is primarily used in connection with mortgage loan default management;
- our other software and related service offerings, including our mortgage origination software and our collaborative electronic vendor network, which provides connectivity among mortgage industry participants; and

our data and analytics businesses, the most significant of which are our alternative property valuations business, which provides a range of valuations other than traditional appraisals, and our aggregated property, loan and tax data services.

Our Transaction Services segment offers a range of services used mainly in the production of a mortgage loan, which we refer to as our origination services, and in the management of mortgage loans that go into default, which we refer to as default services.

Our origination services include:

- settlement and title agency services, in which we act as an agent for title insurers or as an underwriter, and closing services, in which we assist in the closing of real estate transactions;
- appraisal services, which consist of traditional property appraisals provided through our appraisal management company; and
- flood zone determination services, which assists lenders in determining whether a property is in a federally designated flood zone.

Our default services include, among others:

- property inspection and preservation services designed to preserve the value of properties securing defaulted loans; and
- foreclosure administrative services, including administrative services and support provided to independent attorneys and trustees, mandatory title searches, posting and publishing, and other services.

In addition to our two reporting segments, the corporate segment primarily consists of general and administrative expenses that are not included in the other segments and legal and regulatory charges.

(2) Significant Accounting Policies

The following describes our significant accounting policies which have been followed in preparing the accompanying consolidated financial statements.

(a) Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and all adjustments considered necessary for a fair presentation have been included. All significant intercompany accounts and transactions have been eliminated.

(b) Reclassifications and Segment Reorganization

In connection with organizational realignments implemented during the first quarter ended March 31, 2012, the Company made the following changes to its financial reporting structure and presentation:

- *Allocation of Corporate Expenses.* To improve visibility and analysis regarding the performance of each reporting segment, as of January 1, 2012, the Company began allocating corporate expenses for functions that directly support the operating segments. Costs being allocated include, among others, stock compensation, internal audit, legal, human resources, marketing and accounting shared services. These costs are allocated to each reporting segment based on a variety of factors including headcount, actual consumption, activity, or other relevant factors. After completing the allocation process, the net remaining costs included in the Corporate segment represent unallocated general and administrative expenses, which are detailed further in note 18 to our consolidated financial statements.
- *Operating Segment Components.* In order to provide improved comparability, LPS has reclassified operating results from 2011 to conform to certain 2012 organizational realignments. The specific components that were realigned include Broker Price Opinions, which was formerly included as part of the Data and Analytics reporting unit within the TD&A segment, and has been reclassified to our Default Services reporting unit within the Transaction Services segment; and Property Tax Direct/ National Tax Network, which represents the remaining portion of the Tax Services business unit that was sold on January 31, 2012, which was previously included as part of the Origination Services reporting unit within the Transaction Services segment, and is now included as part of the Data and Analytics reporting unit within the TD&A Segment. We also have discontinued the historical allocation of a portion of the revenue and expenses of our Desktop business unit, included as part of our Technology reporting unit within our TD&A segment, to the Foreclosure business unit, included as part of our Default Services reporting unit within the Transaction Services segment.
- *Financial Statement Captions.* In the accompanying consolidated statement of earnings, we have eliminated the use of financial statement captions "Gross Margin", "Cost of revenues" and "Selling, general and administrative expenses". We now use the captions "Operating expenses," "Depreciation and amortization," "Legal and regulatory charges" and "Exit costs, impairments and other charges." "Operating expenses" includes all costs, excluding depreciation and amortization, incurred by the Company to produce revenues. "Legal and regulatory charges" represents our loss contingency and related expenses for legal and regulatory matters that are probable and estimable. "Exit costs, impairments and other charges" represents certain lease exit charges, employee severance, stock compensation acceleration charges, impairments of long-lived assets, and other non-recurring charges.

All prior period information related to the above described realignments has been reclassified to conform with the current year's presentation. The changes noted above did not have any impact on previously reported consolidated revenues, operating income, net earnings, earnings per share or stockholders' equity.

(c) Fair Value

Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities are determined using the following fair value hierarchy:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability; and
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level within the fair value hierarchy our assets and liabilities measured at fair value on a recurring basis. The fair values of other financial instruments, which primarily include short-term financial assets and liabilities and long term debt, are estimated as of year-end and disclosed elsewhere in these notes.

As of December 31, 2012 (in millions):

			Fair Value			
	Classification	Carrying Value	Level 1	Level 2	Level 3	Total
Investments (note 5)	Asset	$ 74.6	$ 5.1	$ 69.5	$ —	$74.6
Interest rate swaps (note 13)	Liability	$ 8.6	$ —	$ 8.6	$ —	$ 8.6

As of December 31, 2011 (in millions):

			Fair Value			
	Classification	Carrying Value	Level 1	Level 2	Level 3	Total
Investments (note 5)	Asset	$ 55.6	$ 6.9	$ 48.7	$ —	$55.6
Interest rate swaps (note 13)	Liability	$ 5.4	$ —	$ 5.4	$ —	$ 5.4

Our Level 1 financial instruments include U.S. government and agency bonds, for which there are quoted prices in active markets. Our Level 2 financial instruments consist of corporate bonds, municipal bonds and derivatives, for which there are parallel markets or alternative means to estimate fair value using observable information inputs. The estimates used are subjective in nature and involve uncertainties and significant judgment in the interpretation of current market data. Therefore, the values presented are not necessarily indicative of amounts we could realize or settle currently.

Fair Value of Assets Acquired and Liabilities Assumed

The fair values of assets acquired and liabilities assumed in business combinations are estimated using various assumptions. The most significant assumptions, and those requiring the most judgment, involve the estimated fair values of intangible assets and software, with the remaining value, if any, attributable to goodwill. The Company utilizes third-party specialists to assist with determining the fair values of intangible assets and software purchased in business combinations.

(d) Management Estimates

The preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The accounting estimates that require our most significant, difficult and subjective judgments include the recoverability of long-lived assets and goodwill, allowance for doubtful accounts, the assessment of loss contingencies and income tax reserves. Actual results that we experience could differ from our estimates.

(e) Cash and Cash Equivalents

Highly liquid instruments purchased with original maturities of three months or less are considered cash equivalents. Cash equivalents are predominantly invested with high credit quality financial institutions and consist of short-term investments, such as demand deposit accounts, money market accounts, money market funds and time deposits. The carrying amounts of these instruments reported in the consolidated balance sheets approximate their fair value because of their immediate or short-term maturities.

(f) Trade Receivables, Net

The carrying amounts reported in the consolidated balance sheets for trade receivables approximate their fair value because of their immediate or short-term maturities.

A summary of trade receivables, net of an allowance for doubtful accounts, at December 31, 2012 and 2011 is as follows (in thousands):

	2012	2011
Trade receivables — billed	$288,483	$349,503
Trade receivables — unbilled	31,843	31,558
Total trade receivables	320,326	381,061
Allowance for doubtful accounts	(45,543)	(36,013)
Total trade receivables, net	$274,783	$345,048

The allowance for doubtful accounts represents management's estimate of those balances that are uncollectable as of the consolidated balance sheet dates. We write-off accounts receivable when the likelihood of collection of a trade receivable balance is considered remote. The allowance for doubtful accounts has increased during 2012 as compared to 2011 due to the impact of the continued slowdown in the processing of foreclosures in certain of our default services businesses, in which the collection of our revenue is tied to the completion of a foreclosure proceeding. Continued delays in the foreclosure process and the timing of payments for these services could result in additional increases to our allowance for doubtful accounts, or in certain trade receivables becoming uncollectable.

A summary of the roll forward of allowance for doubtful accounts for the years ended December 31, 2012, 2011 and 2010 is as follows (in thousands):

	Balance at Beginning of Period	Bad Debt Expense	Write-offs, Net of Recoveries	Transfers and Acquisitions	Balance at End of Period
Year ended December 31, 2010	$(25,964)	(24,914)	17,339	—	$(33,539)
Year ended December 31, 2011	$(33,539)	(22,811)	20,337	—	$(36,013)
Year ended December 31, 2012	$(36,013)	(23,471)	13,487	454	$(45,543)

(g) Deferred Contract Costs

Cost of software sales, outsourced data processing and application management arrangements, including costs incurred for bid and proposal activities, are generally expensed as incurred. However, certain costs incurred upon initiation of a contract are deferred and expensed over the contract life. These costs represent incremental external costs or certain specific internal costs that are directly related to the contract acquisition or transition activities and are primarily associated with installation of systems/processes and data conversion.

In the event indications exist that a deferred contract cost balance related to a particular contract may be impaired, undiscounted estimated cash flows of the contract are projected over its remaining term and compared to the unamortized deferred contract cost balance. If the projected cash flows are not adequate to recover the unamortized cost balance, the balance would be adjusted to equal the contract's net realizable value, including any termination fees provided for under the contract, in the period such a determination is made.

As of December 31, 2012 and 2011, we had approximately $37.1 million and $34.6 million, respectively, recorded as deferred contract costs that were classified in prepaid expenses and other current assets and other non-current assets in our consolidated balance sheets. Amortization expense for deferred contract costs was $9.3 million, $7.1 million and $7.3 million for the years ended December 31, 2012, 2011 and 2010, respectively, and is included in depreciation and amortization in the accompanying consolidated statements of earnings.

(h) Long-Lived Assets

Long-lived assets and intangible assets with definite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(i) Property and Equipment

Property and equipment is recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed primarily using the straight-line method based on the estimated useful lives of the related assets: 30 years for buildings and 3 to 7 years for furniture, fixtures and computer equipment. Leasehold improvements are amortized using the straight-line method over the lesser of the initial term of the respective leases or the estimated useful lives of such assets.

(j) Computer Software

Computer 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 years to 10 years.

Internally developed software costs are amortized using the straight-line method over its estimated useful life. Useful lives of computer software range from 3 years to 10 years. Capitalized software development costs are accounted for in accordance with either ASC Topic 985, *Software*, Subtopic 20, *Costs of Software to Be Sold, Leased, or Marketed* ("ASC 985-20"), or ASC Topic 350, *Intangibles — Goodwill and Other* ("ASC 350"), Subtopic 40, *Internal-Use Software* ("ASC 350-40"). For computer software products to be sold, leased, or otherwise marketed (ASC 985-20 software), all costs incurred to establish the technological feasibility are research and development costs, and are expensed as they are incurred. Costs incurred subsequent to establishing technological feasibility, such as programmers salaries and related payroll costs and costs of independent contractors, are capitalized and amortized on a product by product basis commencing on the date of general release to customers. We do not capitalize any costs once the product is available for general release to customers. For internal-use computer software products (ASC 350-40 software), 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 also assess the recorded value of computer software for impairment on a regular basis by comparing the carrying value to the estimated future cash flows to be generated by the underlying software asset.

(k) Intangible Assets

We have intangible assets which consist primarily of customer relationships and trademarks that are recorded in connection with acquisitions at their fair value based on the results of a valuation analysis. Customer relationships are amortized over their estimated useful lives using an accelerated method which takes into consideration expected customer attrition rates over a period of up to 10 years. Certain trademarks determined to have indefinite lives are reviewed for impairment at least annually.

(l) Goodwill

Goodwill represents the excess of cost over the fair value of identifiable assets acquired and liabilities assumed in business combinations. Goodwill is not amortized, and is tested for impairment annually, or more frequently if circumstances indicate potential impairment. We test goodwill for impairment using a fair value approach at the reporting unit level. We have four reporting units that carry goodwill as of the balance sheet date — Technology, Data and Analytics, Origination Services, and Default Services. We measure for impairment on an annual basis during the fourth quarter using a September 30th measurement date. Other than impairments recorded to discontinued operations, which are described in note 9 and 10 herein, we have not recorded an impairment to goodwill during the years ended December 31, 2012, 2011 and 2010.

The results of our 2012 annual assessment of the recoverability of goodwill indicated that the fair value of each of our reporting units was substantially in excess of their carrying value. As of December 31, 2012, the fair value of our Data and Analytics reporting unit, which includes goodwill of $104.7 million, or approximately 9% of our consolidated goodwill balance, exceeded its carrying value by 16% and represented the reporting unit with the least amount of excess fair value. During 2012 and 2011, we made considerable investments in our Data and Analytics reporting unit that are expected to result in revenue growth and incremental profitability. The valuation model that is used to estimate the fair value of this reporting unit contemplates certain assumptions made by management about the timing and volume of incremental business resulting from our investments. If actual results are not consistent with our assumptions, we may be required to record goodwill impairment charges in the future.

(m) Trade Accounts Payable

The carrying amounts reported in the consolidated balance sheets for trade accounts payable approximate their fair value because of their immediate or short-term maturities.

(n) Loss Contingencies

ASC Topic 450, *Contingencies* (“ASC 450”) requires that we accrue for loss contingencies associated with outstanding litigation, claims and assessments for which management has determined it is probable that a loss contingency exists and the amount of loss can be reasonably estimated. We accrue estimated legal fees associated with loss contingencies for which we believe a loss is probable and can be reasonably estimated.

(o) Restructuring Activities

We apply the provisions of ASC Topic 420, *Exit or Disposal Cost Obligations* (“ASC 420”) and ASC Topic 712, *Nonretirement Postemployment Benefits* (“ASC 712”) in the recording of severance costs. Severance costs accounted for under ASC 420 are recognized when management with the proper level of authority has committed to a restructuring plan and communicated those actions to employees. Severance costs accounted for under ASC 712 are recognized when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated. At each reporting date, we evaluate our accruals for restructuring costs to ensure they are still appropriate.

(p) Deferred Compensation Plan

LPS maintains a deferred compensation plan (the “Plan”) which is available to certain LPS management level employees and directors. The Plan permits participants to defer receipt of part of their current compensation. Participant benefits for the Plan are provided by a funded rabbi trust.

The compensation withheld from Plan participants, together with investment income on the Plan, is recorded as a deferred compensation obligation to participants and is included as a long-term liability in the accompanying consolidated balance sheets. The related plan assets are classified within other non-current assets in the accompanying consolidated balance sheets and are reported at market value. The deferred compensation liability totaled $21.4 million and $20.7 million as of December 31, 2012 and 2011, respectively, and approximates the fair value of the corresponding asset.

(q) Derivative Instruments

We account for derivative financial instruments in accordance with ASC Topic 815, *Derivatives and Hedging* (“ASC 815”). We engage in hedging activities relating to our variable rate debt through the use of interest rate swaps. We have designated these interest rate swaps as cash flow hedges. Gains and losses on cash flow hedges are included, to the extent they are effective, in other comprehensive earnings, until the underlying transactions are recognized as gains or losses and included in our consolidated statement of earnings.

(r) Revenue Recognition

The following describes our primary types of revenues and our revenue recognition policies as they pertain to the types of contractual arrangements we enter into with our customers to provide services, software licenses, and software related services either individually or as part of an integrated offering of multiple services. These arrangements occasionally include offerings from more than one segment to the same customer. The revenues associated with these multiple element arrangements are recognized in accordance with the applicable revenue recognition accounting principles as further described below.

In our Technology, Data and Analytics segment, we recognize revenues relating to mortgage processing, outsourced business processing services, data and analytics services, along with software licensing and software related services. In some cases, these services are offered in combination with one another, and in other cases we offer them individually. Revenues from processing services are typically volume-based depending on factors such as the number of accounts processed, transactions processed and computer resources utilized.

The majority of the revenues in our Technology, Data and Analytics segment are from outsourced data processing and application hosting, data and valuation related services, and outsourced business processing services. Revenue is realized or realizable and earned when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the seller's price to the buyer is fixed or determinable; and (4) collectability is reasonably assured. For hosting arrangements, revenues and costs related to implementation, conversion and programming services are deferred and subsequently recognized using the straight-line method over the term of the related services agreement. We evaluate these deferred contract costs for impairment in the event any indications of impairment exist.

In the event that our arrangements with our customers include more than one element, we determine whether the individual revenue elements can be recognized separately. We determine whether an arrangement involving more than one deliverable contains more than one unit of accounting, as well as how the arrangement consideration should be allocated to the separate units of accounting.

For multiple element software arrangements, we determine the appropriate units of accounting and how the arrangement consideration should be measured and allocated to the separate units. Initial license fees are recognized when a contract exists, the fee is fixed or determinable, software delivery has occurred and collection of the receivable is deemed probable, provided that vendor-specific objective evidence ("VSOE") has been established for each element or for any undelivered elements. We determine the fair value of each element or the undelivered elements in multi-element software arrangements based on VSOE. VSOE for each element is based on the price charged when the same element is sold separately, or in the case of post-contract customer support, when a stated renewal rate is provided to the customer. If evidence of fair value of all undelivered elements exists but evidence does not exist for one or more delivered elements, then revenue is recognized using the residual method. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement fee is recognized as revenue. If evidence of fair value does not exist for one or more undelivered elements of a contract, then all revenue is deferred until all elements are delivered or fair value is determined for all remaining undelivered elements. Revenue from post-contract customer support is recognized ratably over the term of the agreement. We record deferred revenue for all billings invoiced prior to revenue recognition.

In our Transaction Services segment, we recognize revenues relating to origination services and default services. Origination services primarily consist of centralized title agency services for various types of lenders. Revenues relating to origination services are typically recognized at the time of closing of the related real estate transaction. Ancillary service fees are recognized when the service is provided. Default services assist customers through the default and foreclosure process, including property preservation and maintenance services (such as lock changes, window replacement, debris removal and lawn service), posting and publication of foreclosure and auction notices, title searches, document preparation and recording services, and referrals for legal and property brokerage services. Property data or data-related services principally include appraisal and valuation services, property records information, and flood zone information. Revenues derived from these services are recognized as the services are performed as described above.

(s) Expenses

Operating expenses includes all costs, excluding depreciation and amortization, incurred by the Company to produce revenues. Operating expenses includes payroll, employee benefits, occupancy costs, data processing costs, program design and development costs, and professional services. Depreciation and amortization includes amortization of software, deferred contract costs and intangible assets and depreciation of operating assets. Exit costs, impairments and other charges includes certain lease exit charges, employee severance, stock compensation acceleration charges, impairments of long-lived assets, and other non-recurring charges.

Selling, general, and administrative expenses, which are only included in our corporate segment within operating expenses, include payroll, employee benefits, occupancy and other costs associated with personnel employed in sales, marketing, human resources and finance roles. Selling, general, and administrative expenses also include depreciation of non-operating assets, professional and legal fees not related to matters determined to be probable and estimable, and costs of advertising and other marketing-related programs.

(t) Stock-Based Compensation Plans

We account for stock-based compensation in accordance with ASC Topic 718, *Compensation — Stock Compensation*. Compensation cost on stock awards is measured based on the fair value of the award at the grant date. Compensation cost on stock options and restricted stock awards without a performance criteria are generally recognized on a straight-line vesting basis over the vesting period. Compensation cost on restricted stock awards with a performance criteria are generally recognized using a graded vesting basis over the vesting period.

(u) Income Taxes

We recognize deferred income tax assets and liabilities for temporary differences between the financial reporting basis and the income tax basis of our assets and liabilities and expected benefits of utilizing tax net operating loss and credit carryforwards. Deferred income 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. A valuation allowance is established, if necessary, for the amount of any tax benefits that, based on available evidence, are not expected to be realized. The impact on deferred income taxes of changes in tax rates and laws, if any, is reflected in the consolidated financial statements in the period enacted.

(v) Net Earnings Per Share

The basic weighted average shares and common stock equivalents are computed in accordance with ASC Topic 260, *Earnings Per Share*, using the treasury stock method.

The following table summarizes earnings per share for the years ended December 31, 2012, 2011 and 2010 (in thousands, except per share amounts):

	2012	2011	2010
Earnings from continuing operations, net of tax	$79,437	$135,244	$305,054
Loss from discontinued operations, net of tax	(9,078)	(38,701)	(2,710)
Net earnings	$70,359	$ 96,543	$302,344
Net earnings per share — basic from continuing operations	$ 0.94	$ 1.58	$ 3.28
Net loss per share — basic from discontinued operations	(0.11)	(0.45)	(0.03)
Net earnings per share — basic	$ 0.83	$ 1.13	$ 3.25
Weighted average shares outstanding — basic	84,647	85,554	93,095
Net earnings per share — diluted from continuing operations	$ 0.93	$ 1.58	$ 3.26
Net loss per share — diluted from discontinued operations	(0.10)	(0.45)	(0.03)
Net earnings per share — diluted	$ 0.83	$ 1.13	$ 3.23
Weighted average shares outstanding — diluted	84,857	85,685	93,559

Options to purchase approximately 6.4 million and 8.8 million shares of our common stock for the years ended December 31, 2012 and 2011, were not included in the computation of diluted earnings per share because they were antidilutive. In addition, as of December 31, 2012, 1.3 million shares of restricted stock are not included in the computation of diluted earnings per share due to vesting restrictions that contain forfeitable rights to dividends. We may, in the future, limit dilution caused by option exercises, including anticipated exercises, by repurchasing shares on the open market or in privately negotiated transactions.

Our ability to repurchase shares of common stock or senior notes is subject to restrictions contained in our senior secured credit agreement and in the indenture governing our senior unsecured notes. On October 28, 2010, our Board of Directors approved an authorization for us to repurchase up to $250.0 million of our common stock and/or our senior notes, effective through December 31, 2011. Subsequently, on June 16, 2011 our Board of Directors approved an authorization for us to repurchase up to $100.0 million of our common stock and/or our senior notes, effective through December 31, 2012. During the year ended December 31, 2011, we repurchased 4.6 million shares of our stock for $136.9 million, at an average price of $29.98 per share, and $5.0 million face value of our senior notes for $4.9 million. During 2012, we did not repurchase any shares of stock or senior notes, and our repurchase authorization expired on December 31, 2012. Subsequently, on February 7, 2013, our Board of Directors approved an authorization to repurchase up to $100.0 million of our common stock, effective through June 30, 2014.

(w) Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board (the "FASB") issued Accounting Standard Update ("ASU") No. 2011-05, *Presentation of Comprehensive Income,* amended by ASU No. 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Comprehensive Income*. The ASUs eliminate the option to present the components of other comprehensive income (OCI) as part of the statement of changes in stockholders' equity and requires a company to present items of net income and other comprehensive income either in one continuous statement or in two separate, but consecutive statements. The statement also requires a company to present a statement of comprehensive income as part of the statements of consolidating financial information. The new standard was effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We adopted the new guidance as of January 1, 2012. As we have historically presented two separate consecutive statements, the new guidance only requires the presentation of statements of consolidating comprehensive earnings within note 19 to the consolidated financial statements, included herein.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles — Goodwill and Other (Topic 350): Testing Goodwill for Impairment*, which contains changes to the testing of goodwill for impairment. These changes provide an entity the option to first assess qualitative factors to determine whether the existence of events or circumstances lead to a determination that it is more likely than not (more than 50%) that the fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the existing two-step quantitative impairment test, otherwise no further analysis is required. An entity may also elect not to perform the qualitative assessment and, instead, go directly to the two step quantitative impairment test. ASU No. 2011-08 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We adopted the new guidance in ASU No. 2011-08 as of January 1, 2012 but elected to perform a quantitative assessment for our annual impairment test using our September 30th measurement date.

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, Fair Value *Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU No. 2011-04 develops common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Standards (IFRSs) and improves the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with GAAP and IFRSs. ASU No. 2011-04 is effective for fiscal years and interim periods beginning after December 15, 2011. We adopted the new guidance in ASU No. 2011-04 as of January 1, 2012, which only requires additional disclosure and does not have an impact on the Company's consolidated financial position or results of operations.

In July 2012, the FASB issued an amended standard, ASU No. 2012-02, *Intangibles — Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*, to simplify how entities test indefinite-lived intangible assets for impairment, which improves consistency in impairment testing requirements among long-lived asset categories. The amended standard permits an assessment of qualitative factors to determine whether it is more likely than not (more than 50%) that the fair value of an indefinite-lived intangible asset is less than its carrying value. For assets in which this assessment concludes it is more likely than not that the fair value is more than its carrying value, the standard eliminates the requirement to perform quantitative impairment testing. The amended standard is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, and early adoption is permitted. We will adopt the amended standard on January 1, 2013, and we do not expect it to have an impact on the Company's consolidated financial position or results of operations.

(3) Transactions with Related Parties

The Company did not have any related party transactions as of and during the year ended December 31, 2012.

Lee A. Kennedy has served as a director since our spin-off from FIS and as Chairman of the Board since March 2009. Mr. Kennedy served as Executive Chairman from September 15, 2009 until January 4, 2013. He also served as our interim President and Chief Executive Officer from July 6, 2011 to October 6, 2011. Historically, Mr. Kennedy also served as Chairman of Ceridian Corporation ("Ceridian") from January 25, 2010 until July 28, 2011, and as Chief Executive Officer of Ceridian from January 25, 2010 until August 19, 2010. Therefore, Ceridian was a related party of the Company for periods from January 25, 2010 until July 28, 2011. During those periods we were (and we continue to be) party to certain agreements with Ceridian under which we incurred expenses. A summary of the Ceridian related party agreements is as follows:

- *FMLA Administrative Services.* Ceridian provides certain administrative services to our human resources group, including Family and Medical Leave Act ("FMLA") administrative services, military leave administrative services, flexible spending account services and tax processing services. Each of the administrative services agreements has an initial term of one year and is automatically renewable for successive one year terms unless either party gives 90 days prior written notice. Each agreement may be terminated upon 30 days written notice in the event of a breach.
- *COBRA Health Benefit Services.* Ceridian also provides us with Consolidated Omnibus Budget Reconciliation Act ("COBRA") health benefit services. The COBRA agreement had an initial term of one year and is automatically renewable for successive one year terms unless either party gives 90 days prior written notice. This agreement may be terminated upon 30 days written notice in the event of a breach.

We incurred approximately $0.2 million and $0.1 million in expenses during the year ended December 31, 2011 and December 31, 2010, respectively, related to the Ceridian related party agreements listed above, which are included in operating expenses within the accompanying consolidated statements of earnings.

In addition, Mr. Kennedy served as an executive and a director of FIS through February 28, 2010. Therefore, FIS was a related party of the Company for periods prior to that date. From the spin-off until July 2010, we were allocated corporate costs from FIS and received certain corporate services from FIS.

Agreements from which we incurred related party expense and/or revenues from FIS in 2010 include:

- *Agreements to provide administrative corporate support services to and from FIS.* Prior to the spin-off, FIS provided general management, accounting, treasury, payroll, human resources, internal audit, and other corporate administrative support services to us. In connection with the spin-off, we entered into corporate services agreements with FIS under which we received from FIS, and we provided to FIS, certain transitional corporate support services. The pricing for all of these services, was on an at-cost basis. These corporate services agreements had a term of two years following the spin-off.
- *Real estate management, real estate lease and equipment lease agreements.* In connection with the spin-off and the transfer of the real property located at the Company's corporate headquarters campus from FIS to LPS, the Company entered into new leases with FIS, as a tenant.
- *Licensing, cost sharing, business processing and other agreements.* These agreements provide for the reimbursement of certain amounts from FIS related to various licensing and cost sharing agreements.

Revenues generated from FIS under these agreements through February 28, 2010 were less than $10,000. Expense reimbursements paid to or received from FIS under these agreements through February 28, 2010 were less than $50,000.

We believe the amounts charged by Ceridian, and earned from or charged by FIS under the above-described service arrangements were fair and reasonable.

(4) Acquisitions

The results of operations and financial position of entities acquired during the years ended December 31, 2012, 2011 and 2010 are included in the consolidated financial statements from and after the date of acquisition. The purchase price of each acquisition was allocated to the assets acquired and liabilities assumed based on a valuation performed with any excess cost over fair value being allocated to goodwill. The valuation of each acquisition was determined utilizing the income approach using a combination of Level 2 and Level 3-type inputs. The impact of the acquisitions made from January 1, 2010 through December 31, 2012 was not significant individually or in the aggregate to our historical financial results.

LendingSpace

On July 24, 2012, we completed the purchase of the assets of LendingSpace, a business that provides mortgage loan origination software solutions, for approximately $12.3 million. The acquisition resulted in the recognition of $6.7 million of goodwill, based on the amount that the purchase price exceeded the fair value of the net assets acquired. All of the acquired goodwill is deductible for tax purposes. As part of the acquisition, we also recognized $4.8 million of other intangible assets and software, which have a weighted average amortization period of approximately 6 years. LendingSpace is now a part of the Technology, Data and Analytics segment and will further strengthen LPS' origination technology solutions.

PCLender

On March 14, 2011, our subsidiary, LPS Mortgage Processing Solutions, Inc., acquired PCLender.com, Inc. ("PCLender") for $9.8 million (net of cash acquired). As a result of the transaction, we recognized a liability for contingent consideration totaling $3.0 million, of which $2.2 million is remaining as of December 31, 2012. The acquisition resulted in the recognition of $8.2 million of goodwill and $6.1 million of other intangible assets and software. PCLender is now a part of the Technology, Data and Analytics segment and further expands our loan origination offerings and market by complementing our Empower origination technology.

True Automation, Inc.

On November 12, 2010, our subsidiary, LPS Mortgage Processing Solutions, Inc., acquired True Automation, Inc. for $18.7 million (net of cash acquired). As a result of the transaction, we recognized a liability for contingent consideration totaling $2.0 million, which was paid out during the first quarter of 2012. The acquisition resulted in the recognition of $14.6 million of goodwill and $10.0 million of other intangible assets and software.

(5) Investments

Our title insurance underwriter subsidiary, National Title Insurance of New York, Inc., is statutorily required to maintain reserves for settling losses on the policies it issues. These investments, which consist of treasury bonds, municipal bonds, government agency bonds and corporate bonds, are classified as available-for-sale-securities, and are classified in the accompanying balance sheet at fair value within prepaid expenses and other current assets and other non-current assets. Any gains or losses on these investments are recognized in other comprehensive earnings (loss) until the investment maturity date. Since the Company does not intend to sell and will more-likely-than-not maintain each debt security until its anticipated recovery, and no significant credit risk is deemed to exist, these investments are not considered other than temporarily impaired. The carrying amounts and fair values of our available-for-sale-securities at December 31, 2012 and December 31, 2011 are as follows: (in thousands)

	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
As of December 31, 2012	$71,035	$ 3,669	$ (83)	$74,621
As of December 31, 2011	$53,066	$ 2,781	$ (269)	$55,578

The following table summarizes the amortized costs and fair value of our investments, classified by stated maturity as of December 31, 2012 (in thousands):

	Adjusted Cost	Fair Value
2013-2017	$26,084	$27,089
2018-2022	25,907	26,988
2023-2027	10,149	10,536
2028-2032	4,724	5,252
Thereafter	4,171	4,756
Total	$71,035	$74,621

(6) Property and Equipment

Property and equipment as of December 31, 2012 and 2011 consists of the following (in thousands):

	2012	2011
Land	$ 4,847	$ 4,847
Buildings	80,186	78,297
Leasehold improvements	16,608	17,048
Computer equipment	170,287	161,301
Furniture, fixtures, and other equipment	50,368	42,625
Property and equipment	322,296	304,118
Accumulated depreciation and amortization	(195,663)	(182,873)
Property and equipment, net of depreciation and amortization	$ 126,633	$ 121,245

Depreciation and amortization expense on property and equipment related to continuing operations amounted to $31.1 million, $30.4 million and $27.0 million for the years ended December 31, 2012, 2011 and 2010, respectively. Depreciation and amortization expense on property and equipment related to discontinued operations is classified in the accompanying consolidated statements of earnings within loss from discontinued operations, net of tax, and amounted to $0.9 million, $2.3 million, and $3.3 million for the years ended December 31, 2012, 2011 and 2010, respectively.

For the years ended December 31, 2012 and 2011, we recognized impairments on property and equipment of $0.4 million and $2.7 million, respectively, related to certain underperforming operations and asset groups that management has decided to dispose of or wind down. We did not record any impairments during the year ended December 31, 2010. The impairment charges are classified in the accompanying consolidated statement of earnings within loss from discontinued operations, net of tax.

The fair value of each of the impaired assets or asset groups was determined under the income approach using Level 3 unobservable inputs of the fair value hierarchy by calculating the present value of the future cash flows associated with continuing to operate the business units.

(7) Computer Software

Computer software as of December 31, 2012 and 2011 consists of the following (in thousands):

	2012	2011
Software from business acquisitions	$ 85,147	$ 87,288
Capitalized software development costs	328,396	278,769
Purchased software	36,729	44,018
Computer software	450,272	410,075
Accumulated amortization	(205,001)	(181,193)
Computer software, net of accumulated amortization	$ 245,271	$ 228,882

Amortization expense on computer software related to continuing operations amounted to $44.5 million, $35.6 million and $30.9 million for the years ended December 31, 2012, 2011 and 2010, respectively. Amortization expense on computer software related to discontinued operations, which is classified in the accompanying consolidated statements of earnings within loss from discontinued operations, net of tax, amounted to $0.8 million, $6.0 million, and $5.6 million for the years ended December 31, 2012, 2011 and 2010, respectively.

For the years ended December 31, 2012 and 2011, we disposed of certain operations resulting in impairment charges totaling $0.6 million and $12.9 million, respectively, which are classified within the accompanying consolidated statements of earnings as part of loss from discontinued operations, net of tax. For the years ended December 31, 2012 and 2011, respectively, we also recorded $2.6 million and $8.4 million of asset impairments in continuing operations related to computer software projects that are no longer recoverable, which are classified in exit costs, impairments and other charges in the accompanying consolidated statements of earnings. We did not record any impairments during the year ended December 31, 2010.

During 2012, of the $2.6 million in asset impairment charges included within continuing operations, $1.8 million and $0.8 million relates to the TD&A and Corporate segments, respectively, and $1.8 million was recorded during the fourth quarter ended December 31, 2012. During 2011, of the $8.4 million in asset impairment charges included within continuing operations, $2.0 million, $1.6 million and $4.8 million relates to the Corporate, Transaction Services, and TD&A segments, respectively.

The fair value of each of the impaired assets or asset groups was determined under the income approach using Level 3 unobservable inputs of the fair value hierarchy by calculating the present value of the future cash flows associated with continuing to operate the business units.

(8) Intangible Assets

Intangible assets as of December 31, 2012 and 2011 consist of the following (in thousands):

	December 31, 2012			December 31, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$251,247	$ (239,071)	$12,176	$256,368	$ (232,374)	$23,994
Customer contracts	40,590	(38,845)	1,745	106,582	(102,817)	3,765
Purchase data files	10,371	(3,618)	6,753	9,668	(2,543)	7,125
Other	7,799	(4,803)	2,996	9,133	(4,877)	4,256
Total Intangible Assets	$310,007	$ (286,337)	$23,670	$381,751	$ (342,611)	$39,140

Intangible assets, other than those with indefinite lives, are amortized over their estimated useful lives ranging from 5 to 10 years using accelerated methods. Amortization expense on intangible assets with definite lives related to continuing operations is included in depreciation and amortization in the accompanying consolidated statements of earnings and amounted to $11.7 million, $16.0 million and $22.4 million for the years ended December 31, 2012, 2011 and 2010, respectively. Amortization expense on intangible assets related to discontinued operations is classified in the accompanying statements of earnings within discontinued operations, net of tax, and amounted to $0.3 million, $1.5 million and $2.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

For the years ended December 31, 2012 and 2011, we recognized impairments on intangible assets of $0.2 million and $4.5 million, respectively, related to certain underperforming operations and asset groups that management decided to dispose-of or wind-down. We did not record any impairments during the year ended December 31, 2010. The impairments are classified in the accompanying consolidated statements of earnings within loss from discontinued operations, net of tax.

The fair value of each of the impaired assets or asset groups was determined under the income approach using Level 3 unobservable inputs of the fair value hierarchy by calculating the present value of the future cash flows associated with continuing to operate the business units.

Estimated amortization expense on intangible assets for the next five fiscal years is as follows (in thousands):

2013	$6,708
2014	3,800
2015	3,503
2016	2,821
2017	2,152

(9) Goodwill

Changes in goodwill during the years ended December 31, 2012 and 2011 are summarized as follows (in thousands):

	Technology, Data and Analytics	Transaction Services	Total
Balance, December 31, 2010	$ 774,061	$ 385,478	$1,159,539
Increases to goodwill related to acquisitions	8,776	—	8,776
Decreases to goodwill related to disposals and impairments	(27,080)	(8,407)	(35,487)
Balance, December 31, 2011	755,757	377,071	1,132,828
Increases to goodwill related to acquisitions (1)	6,669	—	6,669
Decreases to goodwill related to disposals and impairments (2)	(30,193)	—	(30,193)
Reapportionment of goodwill (3)	(7,400)	7,400	—
Balance, December 31, 2012	$ 724,833	$ 384,471	$1,109,304

(1) On July 24, 2012, we completed the purchase of the assets of LendingSpace, and recorded $6.7 million of goodwill related to the acquisition.

(2) We recorded $27.9 million in disposals of goodwill during 2012 related to the sale of SoftPro, True Automation, Aptitude Solutions, and IRMS, all previously included within our TD&A segment. We also recorded a $2.3 million impairment of goodwill related to a revision of the fair value of the remaining net assets of the True Automation business unit prior to its disposal.

(3) As a result of the Company’s organizational realignment described in note 2(b), we reclassified $7.4 million of goodwill from the TD&A segment to the Transaction Services segment.

(10) Discontinued Operations

On December 20, 2012, we completed the sale of our IRMS business unit, which was included in the TD&A segment, for approximately $26.4 million plus a $1.0 million escrow deposit. As part of the sale, we recorded a pre-tax gain of $13.5 million included in other income (expense) in the table below.

During December 2012, we completed the shutdown of our Asset Management Solutions business unit within the Transaction Services segment. As the net assets of the business were written down during the fourth quarter of 2012 in anticipation of the shutdown, we recorded no gain or loss on disposal.

On May 2, 2012, we completed the sale of our True Automation and Aptitude Solutions business units, which were previously included within the TD&A segment, for approximately $15.5 million. We recorded a $1.4 million pre-tax loss on disposal included in other income (expense) in the table below.

On January 31, 2012, we completed the sale of our Tax Services business unit, previously included within the Transaction Services segment, in which we were required to pay a total of $14.4 million (all of which was paid as of the balance sheet date) to the buyer in exchange for their assumption of life-of-loan servicing obligations. As the net assets of the business were written down during 2011 in anticipation of the contemplated sale, no gain or loss was recognized during 2012 upon completion of the sale.

On January 9, 2012, we completed the sale of our SoftPro business unit, previously included within the TD&A segment, for approximately $15.5 million, and recorded a pre-tax gain on disposal of $8.1 million included in other income (expense) in the table below.

During the year ended December 31, 2011, we also sold or disposed of certain non-core or underperforming business units including Verification Bureau, Rising Tide Auction, and certain operations previously included in our Real Estate group, all of which were previously included as part of the TD&A segment.

Each of these business units qualify as discontinued operations under ASC Topic 205-20 *Presentation of Financial Statements- Discontinued Operations ("ASC 205-20")*. Under that guidance, the results of operations of a component of an entity that either has been disposed of or is classified as held for sale shall be reported as discontinued operations if the entity will not have significant continuing involvement in the operations of the component after the disposal transaction and the operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal. The results of discontinued operations are presented net of tax, as a separate component in the consolidated statements of earnings. Prior period amounts pertaining to these operations have been reclassified to reflect them as discontinued for all periods presented.

The table below illustrates the revenues, loss from operations and impairment charges related to discontinued operations for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	2012	2011	2010
Revenues	$ 72,236	$176,823	$259,784
Pretax loss from discontinued operations before impairment charges	$(15,474)	$ (10,904)	$ (5,064)
Impairment charges (1):			
Intangible assets	(226)	(4,472)	—
Computer software	(589)	(12,871)	—
Property and equipment	(415)	(2,709)	—
Goodwill	(2,281)	(35,487)	—
Other	(467)	525	—
Total impairment charges	(3,978)	(55,014)	—
Pretax loss from discontinued operations	(19,452)	(65,918)	(5,064)
Other income (expense) (2)	20,197	(415)	693
Income tax benefit (expense) on discontinued operations	(9,823)	27,632	1,661
Loss from discontinued operations, net of tax	$ (9,078)	$ (38,701)	$ (2,710)

(1) 2012 and 2011 impairments related to discontinued operations are further described in note 6, "Property and Equipment", note 7, "Computer Software", note 8, "Intangible Assets" and note 9, "Goodwill".

(2) Other income (expense) includes interest income (expense) related to discontinued operations as well as gains (losses) related to the disposal of discontinued operations of $20.2 million and $(0.9) million for the years ended December 31, 2012 and December 31, 2011, respectively.

The assets held for sale and related liabilities summarized below are included in the following captions of the accompanying consolidated balance sheets (in thousands):

	2012	2011
Assets:		
Trade receivables, net	$4,066	$10,995
Prepaid expenses and other current assets	94	2,366
Property and equipment, computer software and other intangibles assets, net	17	20,097
Goodwill	—	10,441
Other non-current assets	—	4,147
Total assets held for sale	$4,177	$48,046
Liabilities:		
Trade accounts payable, accrued salaries and benefits and other accrued liabilities	$3,547	$12,114
Deferred revenues	—	17,409
Other long-term liabilities	738	13,803
Total liabilities related to assets held for sale	$4,285	$43,326

(11) Other Accrued Liabilities

Other accrued liabilities as of December 31, 2012 and 2011 consisted of the following (in thousands):

	2012	2011
Other operating expense accruals	$ 75,263	$ 77,627
Title claims reserve	69,423	62,493
Recording and transfer tax liabilities	15,240	11,901
Interest accrual on debt and swap obligations	9,532	16,606
Total other accrued liabilities	$169,458	$168,627

(12) Restructuring

During the fourth quarter of 2012, management committed to a restructuring plan in order to remove duplicate headcount, reduce future operating expense, and improve operational performance and profitability. The total restructuring costs related to these efforts amounted to $2.1 million of employee termination costs, of which $1.0 million, $0.4 million and $0.7 million relates to the Technology, Data and Analytics, Transaction Services and Corporate segments, respectively. The following table sets forth the Company's Fourth Quarter 2012 Restructuring Plan, as of and for the year ended December 31, 2012 (in millions):

Fourth Quarter 2012 Restructuring Plan	Additions to expense	Cash Paid	Other Accrued Liabilities December 31, 2012
Ongoing termination arrangement	$ 2.1	$(1.0)	$ 1.1

All payouts related to our Fourth Quarter 2012 Restructuring Plan are expected to be made by June 30, 2013.

During 2011, management committed to three separate restructuring plans (the "First Quarter 2011 Restructuring Plan", the "Second Quarter 2011 Restructuring Plan", and the "Fourth Quarter 2011 Restructuring Plan"). For the year ended December 31, 2011, the total restructuring costs related to these efforts amounted to $35.3 million of employee termination costs, of which $24.8 million relates to severance benefits and $10.5 million relates to the acceleration of stock compensation expense included as part of the change in additional-paid-in capital in the accompanying 2011 consolidated statement of stockholders' equity. Restructuring costs from continuing operations are included in the accompanying consolidated statements of earnings as part of exit costs, impairments and other charges. Restructuring costs included as part of business units that have been sold or disposed of are included in the accompanying consolidated statements of earnings within loss from discontinued operations, net of tax.

For the year ended December 31, 2011, severance benefits recorded in continuing operations amounted to $8.5 million, $3.8 million and $10.6 million within the Technology, Data and Analytics, Transaction Services and Corporate segments, respectively. All payouts related to the First Quarter 2011 and Second Quarter 2011 Restructuring Plans were made by June 30, 2011 and June 30, 2012, respectively.

The following table sets forth the Company's Fourth Quarter 2011 Restructuring Plan, exclusive of stock-based compensation charges, as of and for the year ended December 31, 2012 (in millions):

Fourth Quarter 2011 Restructuring Plan	Other Accrued Liabilities December 31, 2011	Cash Paid	Other	Other Accrued Liabilities December 31, 2012
Ongoing termination arrangement	$ 1.9	$(1.4)	$(0.5)	$ —
Contract termination costs—severance	3.5	(3.5)	—	—
Total	$ 5.4	$(4.9)	$(0.5)	$ —

(13) Long-Term Debt

Long-term debt as of December 31, 2012 and 2011 consisted of the following (in thousands):

	2012	2011
Term A Loan, secured, interest payable at LIBOR plus 2.50% (2.71% at December 31, 2012) quarterly principal amortization, maturing August 2016	$ 468,125	$ 528,313
Term B Loan, secured, interest payable at LIBOR plus 4.50%, subject to 1% LIBOR Floor, quarterly principal amortization, maturing August 2018 (1)	—	248,750
Revolving Loan, secured, interest payable at LIBOR plus 2.50% (Eurocurrency Borrowings) (2.71% at December 31, 2012), Fed-funds plus 2.50% (Swingline borrowings) (2.59% at December 31, 2012), or the highest of (a) Fed-funds plus 0.50%, (b) Prime or (c) LIBOR plus 1%, plus the Applicable Margin for Base Rate borrowings of 1.50% (Base Rate Borrowings) (2.09%, 4.75% or 2.71% respectively at December 31, 2012), maturing August 2016. Total of $398.1 million unused (net of outstanding letters of credit and revolver) as of December 31, 2012	—	10,000
Senior unsecured notes, issued at par, interest payable semiannually at 8.125%, due July 2016 (1)	—	362,000
Senior unsecured notes, issued at par, interest payable semiannually at 5.75%, due Oct 2023 (1)	600,000	—
Other promissory notes with various interest rates and maturities	—	97
Total debt	1,068,125	1,149,160
Less current portion	—	(39,310)
Long-term debt, excluding current portion	$1,068,125	$1,109,850

(1) On October 12, 2012, we closed the offering of $600 million aggregate principal amount of 5.75% Senior Notes due 2023 (the "2023 Notes"). A portion of the net proceeds of the offering, along with cash on hand, was used to purchase the outstanding principal amount of the 2016 Notes and to prepay in full the outstanding Term B Loan under the 2011 Credit Agreement.

Financing

On August 18, 2011, the Company entered into an Amendment, Restatement and Joinder Agreement (the “Amendment Agreement”) in respect of the Credit Agreement dated as of July 2, 2008 (the “2008 Credit Agreement”) with JPMorgan Chase Bank, N.A., as Administrative Agent, Swing Line Lender and Letters of Credit Issuer, and various other lenders who were parties to the 2008 Credit Agreement. In connection with entering into the Amendment Agreement, on August 18, 2011, the Company also entered into an Amended and Restated Credit Agreement (the “2011 Credit Agreement”) with JPMorgan Chase Bank, N.A., as Administrative Agent, Swing Line Lender and Letters of Credit Issuer, and various other lenders who are parties to the 2011 Credit Agreement which amends and restates the 2008 Credit Agreement. On October 19, 2012, we entered into Amendment No. 1 (the “Amendment”) to the 2011 Credit Agreement, which (i) gives us additional flexibility under the 2011 Credit Agreement with respect to charges incurred for accruals for litigation and regulatory matters, and (ii) extends the period with respect to which mandatory prepayments using excess cash flow must be made from the fiscal year ending December 31, 2012 to the fiscal year ending December 31, 2013. In connection with the amendment, during the three months ended December 31, 2012, we paid fees of $1.4 million, of which we expensed $0.6 million and capitalized $0.8 million.

The 2011 Credit Agreement consists of: (i) a 5-year revolving credit facility in an aggregate principal amount outstanding at any time not to exceed $400 million (with a $25 million sub-facility for Letters of Credit); and (ii) a 5-year Term A Loan in an initial aggregate principal amount of $535 million. It also included a Term B Loan with a maturity date of August 14, 2018 in an initial aggregate principal amount of $250 million. However, on October 12, 2012, we used a portion of the proceeds from the 2023 Notes described below to prepay the Term B Loan in full.

The loans under the 2011 Credit Agreement bear interest at a floating rate, which is an applicable margin plus, at the Company’s option, either (a) the Eurodollar (LIBOR) rate or (b) the highest of (i) the prime rate, (ii) the federal funds rate plus 0.50% and (iii) the one Month LIBOR rate plus 1.00% (the highest of clauses (i), (ii) and (iii), the “Base rate”). The annual margin on the Term A Loan and the revolving credit facility until the first business day following delivery of the compliance certificate with respect to the first fiscal quarter ending following the closing and funding of the amended and restated facility was 2.25% in the case of LIBOR loans and 1.25% in the case of the Base rate loans, and after that time is a percentage to be determined in accordance with a leverage ratio-based pricing grid. As of December 31, 2012, we were paying an annual margin on the Term Loan A of 2.5%.

The 2011 Credit Agreement provides that, beginning on December 31, 2011, the Company shall repay the outstanding principal amount of the Term A Loan in quarterly installments of $6.7 million. These quarterly installment payments increase to $13.4 million beginning on December 31, 2013 and then to $20.1 million beginning on December 31, 2014 through March 31, 2016. All remaining outstanding principal amounts of the Term A Loan shall be repaid at the respective maturity dates. As of December 31, 2012, we have prepaid approximately $33.4 million on the Term Loan A.

In addition to scheduled principal payments, the Term A Loan is (with certain exceptions) subject to mandatory prepayment upon issuances of debt, casualty and condemnation events, and sales of assets, as well as from up to 50% of excess cash flow (as defined in the 2011 Credit Agreement) in excess of an agreed threshold commencing with the cash flow for the year ended December 31, 2013. Voluntary prepayments of the loans are generally permitted at any time without fee upon proper notice and subject to a minimum dollar requirement. Commitment reductions of the revolving credit facility are also permitted at any time without fee upon proper notice. The revolving credit facility has no scheduled principal payments, but it will be due and payable in full on August 18, 2016.

The Company is allowed to raise additional term loans and/or increase commitments under the revolving credit facility in an aggregate principal amount of up to $250.0 million (the “Incremental Facilities”). The Incremental Facilities are subject to restrictions on pricing and tenor of any new term loan, pro-forma compliance with financial covenants, pro-forma leverage ratio not to exceed 2.00:1.00, and other usual and customary conditions.

The obligations under the 2011 Credit Agreement are fully and unconditionally guaranteed, jointly and severally, by certain of our domestic subsidiaries. Additionally, the Company and such subsidiary guarantors pledged substantially all of our respective assets as collateral security for the obligations under the 2011 Credit Agreement and our respective guarantees.

The 2011 Credit Agreement contains 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 sale and leaseback transactions, limits on the payment of dividends and other restricted payments, a minimum interest coverage ratio and a maximum leverage ratio. Upon an event of default, the administrative agent can accelerate the maturity of the loan. Events of default include events customary for such an agreement, including failure to pay principal and interest in a timely manner, breach of covenants and a change of control of the Company. These events of default include a cross-default provision that permits the lenders to declare the 2011 Credit Agreement in default if (i) the Company fails to make any payment after the applicable grace period under any indebtedness with a principal amount in excess of $70 million or (ii) the Company fails to perform any other term under any such indebtedness, as a result of which the holders thereof may cause it to become due and payable prior to its maturity.

Old Senior Notes

On July 2, 2008, we issued senior notes (the “2016 Notes”) in an initial aggregate principal amount of $375.0 million under which $362.0 million was outstanding at December 31, 2011. The Notes were issued pursuant to an Indenture dated July 2, 2008 (the “Indenture”) among the Company, the guarantor parties thereto and U.S. Bank Corporate Trust Services, as Trustee. Subsequently, in October and November 2012, we used a portion of the proceeds from the 2023 Notes described below to accept for payment approximately $362.0 million aggregate principal amount of the 2016 Notes that were tendered in the tender offer described below.

Refinancing Transactions

On September 27, 2012, the Company announced its plans to offer $600 million in aggregate principal amount of Senior Notes and commenced a tender offer and consent solicitation for all of the 2016 Notes. On October 12, 2012, we closed the offering of $600 million aggregate principal amount of 5.75% Senior Notes due 2023 (the “2023 Notes”). The 2023 Notes have been registered under the Securities Act of 1933, as amended, carry an interest rate of 5.75% and will mature on April 15, 2023. Interest will be paid semi-annually on the 15th day of April and October beginning April 15, 2013. The 2023 Notes are our unsecured, unsubordinated obligations and are guaranteed on an unsecured basis by the same subsidiaries that guarantee our obligations under the 2011 Credit Agreement. A portion of the net proceeds of the Offering, along with cash on hand, was used to purchase approximately $286.4 million aggregate principal amount of the 2016 Notes accepted for payment and settlement in the tender offer, to prepay in full the outstanding Term B Loan under the 2011 Credit Agreement and to pay fees and expenses in connection with these transactions. The remaining proceeds were used to redeem any remaining 2016 Notes that were not tendered in the tender offer.

As part of the tender offer, the Company solicited consents from the holders of the 2016 Notes for certain proposed amendments that would eliminate or modify certain covenants and events of default as well as other provisions contained in the Indenture. Adoption of the proposed amendments required consents from holders of at least a majority in aggregate principal amount outstanding of the 2016 Notes. On October 12, 2012, the Company announced that it had received the requisite consents to execute a supplemental indenture to implement the proposed amendments to the Indenture, and delivered notice that it had called for redemption all 2016 Notes that remain outstanding following completion of the tender offer at a price equal to 104.06% of their face amount, plus accrued and unpaid interest to, but not including, the date of redemption. Payment for the redemption of the remaining 2016 Notes was made on November 13, 2012 (with interest accruing on the 2016 Notes to November 11, 2012).

The 2023 Notes were issued pursuant to an Indenture dated as of October 12, 2012, among the Company, the subsidiary guarantors and U.S. Bank National Association, as trustee (the “2012 Indenture”). At any time and from time to time, prior to October 15, 2015, we may redeem up to a maximum of 35% of the original aggregate principal amount of the 2023 Notes with the proceeds of one or more equity offerings, at a redemption price equal to 105.75% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Prior to October 15, 2017, the Company may redeem some or all of the 2023 Notes by paying a “make-whole” premium based on U.S. Treasury rates. On or after October 15, 2017, we may redeem some or all of the 2023 Notes at the redemption prices described in the Indenture, plus accrued and unpaid interest. In addition, if a change of control occurs, we are required to offer to purchase all outstanding 2023 Notes at a price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The 2012 Indenture contains covenants that, among other things, limit LPS’ ability and the ability of certain of LPS’ subsidiaries (a) to incur or guarantee additional indebtedness or issue preferred stock, (b) to make certain restricted payments, including dividends or distributions on equity interests held by persons other than LPS or certain subsidiaries, in excess of an amount generally equal to 50% of consolidated net income generated since July 1, 2008, (c) to create or incur certain liens, (d) to engage in sale and leaseback transactions, (e) to create restrictions that would prevent or limit the ability of certain subsidiaries to (i) pay dividends or other distributions to LPS or certain other subsidiaries, (ii) repay any debt or make any loans or advances to LPS or certain other subsidiaries or (iii) transfer any property or assets to LPS or certain other subsidiaries, (f) to sell or dispose of assets of LPS or any restricted subsidiary or enter into merger or consolidation transactions and (g) to engage in certain transactions with affiliates. These covenants are subject to a number of exceptions, limitations and qualifications in the Indenture.

LPS has no independent assets or operations and our subsidiaries' guarantees are full and unconditional and joint and several. There are no significant restrictions on the ability of LPS or any of the subsidiary guarantors to obtain funds from any of our subsidiaries other than National Title Insurance of New York, Inc. ("NTNY"), our title insurance underwriter subsidiary, by dividend or loan. NTNY is statutorily required to maintain investment assets backing its reserves for settling losses on the policies it issues, and its ability to pay dividends or make loans is limited by regulatory requirements.

The 2012 Indenture contains customary events of default, including failure of the Company (i) to pay principal and interest when due and payable and breach of certain other covenants and (ii) to make an offer to purchase and pay for 2023 Notes tendered as required by the 2012 Indenture. Events of default also include cross defaults, with respect to any other debt of the Company or debt of certain subsidiaries having an outstanding principal amount of $80.0 million or more in the aggregate for all such debt, arising from (i) failure to make a principal payment when due and such defaulted payment is not made, waived or extended within the applicable grace period or (ii) the occurrence of an event which results in such debt being due and payable prior to its scheduled maturity. Upon the occurrence of an event of default (other than a bankruptcy default with respect to the Company or certain subsidiaries), the trustee or holders of at least 25% of the 2023 Notes then outstanding may accelerate the 2023 Notes by giving us appropriate notice. If, however, a bankruptcy default occurs with respect to the Company or certain subsidiaries, then the principal of and accrued interest on the 2023 Notes then outstanding will accelerate immediately without any declaration or other act on the part of the trustee or any holder.

In connection with these refinancing transactions, we paid fees of $25.7 million, including a call premium on our 2016 Notes of approximately $15.8 million. Of the $25.7 million of total fees paid, we capitalized approximately $9.7 million and expensed $16.0 million. We also recorded a write-off of the remaining debt issuance costs on our 2016 Notes of $1.5 million and on our Term B Loan of $6.4 million.

Fair Value of Long-Term Debt

The fair value of the Company's long-term debt at December 31, 2012 is estimated to be approximately 102% of the carrying value. We have estimated the fair value of our debt using Level 2 Inputs, based on values of recent quoted market prices on our term loans and values of recent trades on our senior notes.

Interest Rate Swaps

On August 26, 2011, we entered into an interest rate swap to hedge forecasted monthly interest rate payments on $250 million of our floating rate debt, in which the bank pays a variable rate equal to 1 Month LIBOR (equal to 0.21% as of December 31, 2012) and the Company pays a fixed rate of 1.265%. The effective date of the swap is August 31, 2011 and maturity date is July 31, 2016.

On August 4, 2010, we entered into an interest rate swap to hedge forecasted monthly interest rate payments on $75 million of our floating rate debt, in which the bank pays a variable rate equal to 1 Month LIBOR (equal to 0.21% as of December 31, 2012) and the Company pays a fixed rate of 2.080%. The effective date of the swap is December 31, 2012 and the maturity date is December 31, 2013.

We have entered into interest rate swap transactions in order to convert a portion of our interest rate exposure on our floating rate debt from variable to fixed. We have designated these interest rate swaps as cash flow hedges. A portion of the amount included in accumulated other comprehensive earnings (loss) will be reclassified into interest expense as a yield adjustment as interest payments are made on the Term Loan. The inputs used to determine the estimated fair value of our interest rate swaps are Level 2-type measurements. We have considered our own credit risk when determining the fair value of our interest rate swaps.

Estimated fair values of interest rate swaps in the consolidated balance sheets were as follows (in millions):

Balance Sheet Account	December 31, 2012	December 31, 2011
Other accrued liabilities	$ 1.4	$ 1.3
Other long-term liabilities	$ 7.2	$ 4.1

A cumulative loss of $5.3 million and $3.3 million is reflected in accumulated other comprehensive loss as of December 31, 2012 and December 31, 2011, respectively. During 2013, we expect to recognize $2.5 million as effective net losses (net of tax) from our interest rate hedges.

A summary of the effect of derivative instruments on amounts recognized in other comprehensive earnings (loss) ("OCE") and on the accompanying consolidated statement of earnings for the years ended December 31, 2012, 2011 and 2010 is as follows (in millions):

	Amount of Loss (Gain) Recognized in OCE on Derivatives			Amount of Loss (Gain) Reclassified from Accumulated OCE into Interest		
Interest Rate Swap contract	2012	2011	2010	2012	2011	2010
Year ended December 31,	$7.4	$6.2	$(2.3)	$4.2	$1.7	$(14.5)

It is our policy to execute such instruments with credit-worthy banks and not to enter into derivative financial instruments for speculative purposes. As of December 31, 2012, we believe our interest rate swap counterparties will be able to fulfill their obligations under our agreements, and we believe we will have debt outstanding through the various expiration dates of the swaps such that the occurrence of future hedge cash flows remains probable.

Principal Maturities of Debt

Principal maturities at December 31, 2012 for the next five years and thereafter are as follows (in thousands):

2013	$ —
2014	60,187
2015	80,250
2016	327,688
2017	—
Thereafter	600,000
Total	$1,068,125

(14) Commitments and Contingencies

We are involved in various pending and threatened litigation and regulatory matters related to our operations, some of which include claims for punitive or exemplary damages. We intend to vigorously defend all litigation and regulatory matters that are brought against us. In accordance with applicable accounting guidance, we establish accruals for litigation and regulatory matters when those matters present loss contingencies that are both probable and reasonably estimable. Our accrual for legal and regulatory matters, which represents the Company's best estimate of loss, was $223.1 million and $78.5 million as of December 31, 2012 and 2011, respectively. This accrual reflects the matters described below that were settled in 2013, as well as estimated future costs of settlement, damages and associated legal and professional fees with respect to matters that remain pending (including those described below), and assumes no third party recoveries. For the reasons described below, we are unable to estimate a range of loss for pending matters in excess of the amount accrued or for any potential losses related to any other reasonably possible claims. We continually evaluate the accrual for legal and regulatory matters as those matters progress.

Recently Settled Matters

On or about January 30, 2013, the Company entered into settlement agreements with the attorneys general of 45 states and the District of Columbia. These settlements resolved inquires those agencies had made with respect to our default operations, including with respect to the former document preparation, verification, signing and notarization practices of certain of our operations and our relationships with foreclosure attorneys. The Company previously settled similar inquiries made by the attorneys general of Missouri, Delaware, Colorado and Michigan, leaving the claim by the State of Nevada, discussed further below, as the only unresolved attorney general inquiry. Pursuant to these settlements, the Company received a release of claims the attorneys general could make with respect to the subject conduct, agreed to continue strengthening our ongoing compliance, oversight and remediation efforts, and paid an aggregate amount, inclusive of reimbursement of attorney fees and costs, of approximately $128.0 million.

On February 15, 2013, the Company also entered into a Non-Prosecution Agreement with the United States Department of Justice, resolving the inquiries made by the U.S. Attorney's office for the Middle District of Florida with respect to the document preparation, verification, signing and notarization practices of one of the Company's former subsidiaries. In connection with the Non-Prosecution Agreement, the Company has agreed to pay a monetary penalty of $20.0 million to the United States Marshals Service and $15.0 million to the United States Treasury.

On January 28, 2013, the Company entered into a Stipulation and Agreement of Settlement resolving the securities class action litigation brought against us by St. Clair Shores General Employees' Retirement System. The securities class action settlement is subject to the entry of a final order by the United States District Court for the Middle District of Florida.

Prior to year end, the Company settled the litigation brought against LPS and our subsidiary DocX LLC by American Home Mortgage Servicing, Inc. ("AHMSI").

Pending Matters

Set forth below are descriptions of our material pending legal and regulatory proceedings. As background to the disclosure below, please note the following:

- These matters raise difficult and complicated factual and legal issues and are subject to many uncertainties and complexities.
- In the litigation matters, plaintiffs seek a variety of remedies including equitable relief in the form of injunctive and other remedies and monetary relief in the form of compensatory damages. In some cases, the monetary damages sought include punitive or treble damages. Unless otherwise specified, none of the cases described below includes a specific statement as to the dollar amount of damages demanded. Instead, each of the cases includes a demand in an amount to be proved at trial. Regulatory authorities also may seek a variety of remedies and in general do not make specific demands during the course of an investigation or inquiry.

Based on our current knowledge, we believe that the outcome of all pending or threatened legal and regulatory matters, including those described below, will not have a material adverse impact on our business operations, consolidated financial condition or liquidity. However, it is difficult to predict the final outcome of these matters due, among other things, to the early stage of certain of these matters and the fact that these matters raise difficult and complicated factual and legal issues and are subject to many uncertainties and complexities. As a result, there can be no assurance that we will not incur costs and expenses in the future in excess of the amount of our current accrual remaining after the settlements described above that would be material, including but not limited to settlements, damages, fines or penalties and legal costs, or be subject to other remedies, as a result of the matters described below or other legal or regulatory matters. Therefore, it is reasonably possible that the current accrual for legal and regulatory matters will change and that the change could become material to the consolidated financial statements.

Litigation Matters

Shareholder Derivative Litigation

On January 21, 2011, a shareholder derivative lawsuit entitled *Michael Wheatley, Derivatively on Behalf of Lender Processing Services, Inc. v. Jeffrey S. Carbiener, et al.*, was filed against the Company and certain of the Company's current and former officers and directors in the Circuit Court of the 4th Judicial Circuit, in and for Duval County, Florida. The complaint was filed by a shareholder of the Company, and seeks damages for alleged breaches of fiduciary duties and alleged mismanagement. The complaint alleges, among other things, that the Company failed to implement sufficient internal controls to prevent fraudulent activity in connection with its default management services; that the Company, in public filings and other statements, failed to disclose material information, including information regarding the Company's exposure to legal claims concerning allegedly improper foreclosure activity; and that the Company had an improper relationship with certain attorneys who provided services to the Company's clients. The complaint seeks an unspecified amount of damages, as well as other forms of relief. The parties agreed to a voluntary stay in this matter. On February 12, 2013, a shareholder derivative lawsuit entitled *Steven Hill, Derivatively on Behalf of Lender Processing Services, Inc. v. Lee A. Kennedy, et al.*, was filed against the Company and certain of the Company's current and former officers and directors in the Court of Chancery of the State of Delaware. The complaint was filed by a shareholder of the Company, and alleges breaches of fiduciary duties based on the same alleged conduct as in the *Wheatley* case, as well as other allegations related to the Company's handling of foreclosure documentation and use of an attorney network. The complaint names certain defendants also named in the *Wheatley* complaint, as well as Lorraine Brown, who had been President of DocX, a former subsidiary of the Company. The complaint seeks an unspecified amount of damages, as well as other forms of relief. The Company intends to vigorously defend these matters.

Washington Mutual Receivership Proceedings

The Federal Deposit Insurance Corporation ("FDIC"), in its capacity as Receiver for Washington Mutual Bank ("WAMU"), filed a complaint against the Company and certain of its subsidiaries on May 9, 2011 in the U.S. District Court for the Central District of California to recover alleged losses of approximately $154.5 million. The FDIC contends these losses were a direct and proximate result of the defendants' alleged breach of contract with WAMU and alleged gross negligence with respect to the provision of certain services by the Company's subsidiary LSI Appraisal LLC, an appraisal management company. In particular, the FDIC claims that the services provided failed to conform to federal and state law, regulatory guidelines and other industry standards, including specifically the provisions of the Uniform Standards of Professional Appraisal Practice ("USPAP"). The Company believes that the services it provided satisfied the terms and conditions of its contract with WAMU and were not performed with gross negligence. LPS filed a motion to dismiss the complaint on July 22, 2011 and the FDIC filed a response opposing the motion on August 4, 2011. On November 2, 2011, the court issued an order granting the Company's motion to dismiss the FDIC's claims of gross negligence, alter ego, single business enterprise and joint venture. On November 28, 2011 the FDIC amended its complaint and the Company filed another motion to dismiss on December 23, 2011, which the FDIC opposed on January 23, 2012. On February 6, 2012, the court denied in part and granted in part the Company's motion to dismiss, but granted the FDIC leave to amend its complaint. On February 17, 2012, the FDIC filed a second amended complaint. The only remaining claim in this matter is the FDIC's claim for breach of contract, which the Company intends to vigorously defend.

Regulatory Matters

Nevada Attorney General

On December 15, 2011, the Nevada Attorney General filed a civil complaint in the District Court for Clark County alleging various violations of the Nevada Unfair and Deceptive Trade Practices Act. On January 30, 2012, the Company filed a motion to dismiss the complaint. On February 17, 2012, the parties filed a stipulation to stay the proceeding while the parties engage in settlement negotiations relative to this complaint. The stay expired on April 21, 2012. At a hearing on the motion to dismiss held on July 19, 2012, the court granted in part and denied in part the Company's motion to dismiss. On August 3, 2012, the Nevada Attorney General filed an amended complaint, which the Company has answered. The Company intends to vigorously defend this matter.

Consent Order

Following a review by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision (collectively, the “banking agencies”), we have entered into a consent order (the “Order”) dated April 13, 2011 with the banking agencies. The banking agencies’ review of our services included the services provided by our default operations to mortgage servicers regulated by the banking agencies, including document execution services. The Order does not make any findings of fact or conclusions of wrongdoing, nor does LPS admit any fault or liability. Under the Order, we agreed to further study the issues identified in the review and to enhance our compliance, internal audit, risk management and board oversight plans with respect to those businesses. We also agreed to engage an independent third party to conduct a risk assessment and review of our default management businesses and the document execution services we provided to servicers from January 1, 2008 through December 31, 2010. To the extent such review requires additional remediation of mortgage documents or identifies any financial injury from the document execution services we provided, we have agreed to implement an appropriate plan to address the issues. The Order contains various deadlines by which we have agreed to accomplish the undertakings set forth therein, and we have agreed to make periodic reports to the banking agencies on our progress. The Order does not include any fine or other monetary penalty, although the banking agencies have not yet concluded their assessment of whether any civil monetary penalties may be imposed.

Leases

We lease certain of our property under leases which expire at various dates. Several of these agreements include escalation clauses and provide for purchases and renewal options for periods ranging from one to five years.

Future minimum operating lease payments for leases with initial or remaining terms greater than one year for each of the next five years and thereafter are as follows (in thousands):

2013	$19,923
2014	12,021
2015	7,751
2016	3,009
2017	2,634
Thereafter	4,983
Total	$50,321

Rent expense incurred pertaining to continuing operations under all operating leases during the years ended December 31, 2012, 2011 and 2010 was $26.0 million, $26.5 million and $26.6 million, respectively.

Data Processing and Maintenance Services Agreements

We have various data processing and maintenance services agreements with vendors, which expire through 2016, for portions of our computer data processing operations and related functions. The Company’s estimated aggregate contractual obligation remaining under these agreements was approximately $81.2 million as of December 31, 2012. However, this amount could be more or less depending on various factors such as the inflation rate, the introduction of significant new technologies, or changes in the Company’s data processing needs.

Indemnifications and Warranties

We often indemnify our customers against damages and costs resulting from claims of patent, copyright, or trademark infringement associated with use of our software through software licensing agreements. Historically, we have not made any payments under such indemnifications, but continue to monitor the conditions that are subject to the indemnifications to identify whether a loss has occurred that is both probable and estimable that would require recognition. In addition, we warrant to customers that our software operates substantially in accordance with the software specifications. Historically, no costs have been incurred related to software warranties and none are expected in the future, and as such no accruals for warranty costs have been made.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements other than operating leases and the escrow arrangements described below.

Escrow Arrangements

In conducting our title agency, closing and tax services, we routinely hold customers' assets in escrow accounts, pending completion of real estate related transactions. Certain of these amounts are maintained in segregated accounts, and these amounts have not been included in the accompanying consolidated balance sheets. As an incentive for holding deposits at certain banks, we periodically have programs for realizing economic benefits through favorable arrangements with these banks. As of December 31, 2012, the aggregate value of all amounts held in escrow in our title agency, closing and tax services operations totaled $426.9 million.

(15) Employee Benefit Plans

Stock Purchase Plan

Our employees participate in the LPS Employee Stock Purchase Plan (the "ESPP Plan"). Under the terms of the ESPP Plan and subsequent amendments, eligible employees may voluntarily purchase, at current market prices, shares of common stock through payroll deductions. We have registered 10 million shares for issuance under the ESPP Plan. Pursuant to the ESPP Plan, employees may contribute an amount between 3% and 15% of their base salary and certain commissions. Shares purchased are allocated to employees, based upon their contributions. We contribute varying matching amounts as specified in the ESPP Plan. We recorded expenses of $6.6 million, $6.5 million and $6.8 million for the years ended December 31, 2012, 2011 and 2010, respectively, relating to the participation of our employees in the ESPP Plan.

401(k) Profit Sharing Plan

Our employees participate in a qualified 401(k) plan sponsored by LPS. Under the terms of the plan and subsequent amendments, eligible employees may contribute up to 40% of their pretax annual compensation, which is the amount allowed pursuant to the Internal Revenue Code. We generally match 50% of each dollar of employee contribution up to 6% of the employee's total eligible compensation. We recorded expenses of $10.8 million, $11.3 million and $10.8 million for the years ended December 31, 2012, 2011 and 2010, respectively, relating to the participation of our employees in the 401(k) plan.

Stock Option Plans

Prior to spin-off

At the time of the spin-off, all options and awards held by our employees were issuable in the common stock of FIS. On July 2, 2008, in connection with the spin-off, all FIS options and FIS restricted stock awards held by our employees prior to the spin-off were converted into options and awards issuable in our common stock, authorized by our new stock option plan. The exercise price and number of shares subject to each FIS option and FIS restricted stock award were adjusted to reflect the differences in FIS's and our common stock prices, which resulted in an equal fair value of the options before and after the exchange. Therefore, no compensation charge was recorded in connection with the conversion. Since July 2, 2008, all options and awards held by our employees are issuable in LPS common stock.

Post spin-off

Our employees participate in LPS's 2008 Omnibus Incentive Plan (the "Plan"). Under the Plan, the Company may grant up to 14.0 million share-based awards to officers, directors and key employees. As of December 31, 2012, 6.0 million share-based awards were available for future grant under the Plan. Awards of restricted stock and shares issued as a result of exercises of stock options will be issued from treasury shares. Expired and forfeited awards are available for re-issuance. Vesting and exercise of share-based awards are generally contingent on continued employment. Under the Plan, options and restricted stock awards have a maximum contractual term of 7 years.

The Company recognizes compensation expense on a straight-line or graded vesting basis over the vesting period of share-based awards. We recorded stock compensation expense of $25.7 million, $41.7 million and $32.1 million during 2012, 2011 and 2010, respectively, and related income tax expense (benefit) of $2.9 million, $0.9 million and $(0.2) million for the years ended December 31, 2012, 2011 and 2010, respectively. For the years ended December 31, 2011 and 2010, respectively, $10.5 million and $1.8 million of stock compensation expense was related to accelerations recorded as a result of restructuring activities. These charges are included in the accompanying consolidated statements of earnings as part of exit costs, impairments and other charges. All other compensation expense is included within operating expenses in the accompanying consolidated statements of earnings.

As of December 31, 2012, the Company had $28.9 million of unrecognized compensation cost related to share-based payments, which is expected to be recognized in pre-tax earnings over a weighted average period of 1.30 years.

Options

The following table summarizes stock option activity under the Plan:

	Number of Shares	Weighted Average Exercise Price
Outstanding as of December 31, 2009	6,806,710	$ 32.16
Granted	1,529,770	35.61
Exercised(1)	(537,879)	28.88
Cancelled	(79,159)	33.59
Outstanding as of December 31, 2010	7,719,442	33.06
Granted	1,938,943	22.23
Exercised(1)	(73,734)	12.76
Cancelled	(494,839)	33.46
Outstanding as of December 31, 2011	9,089,812	30.85
Granted	1,127,300	24.07
Exercised(1)	(149,457)	18.08
Cancelled	(2,905,421)	33.91
Outstanding as of December 31, 2012	7,162,234	$ 28.80

(1) The total intrinsic value of stock options exercised during the years ended December 31, 2012, 2011 and 2010 was $1.4 million, $0.9 million and $4.7 million, respectively.

We measured the fair value of the awards at the date of grant using a Black-Scholes option pricing model with various assumptions. The risk-free interest rate is based on the rate in effect for the expected term of the option at the grant date. The dividend yield is based on historical dividends. The volatility assumptions are based on a blend of our historical volatility and the historical volatilities of comparable publicly traded companies using daily closing prices for the historical period commensurate with the expected term of the option. The expected life of the options is determined based on the Securities and Exchange Commission's simplified method for companies without sufficient historical data to support a specific average expected option life.

The following table summarizes weighted average assumptions used to estimate fair values for awards granted during the periods presented in the consolidated financial statements:

Year	Weighted Average Fair Value	Risk Free Interest Rate	Volatility Factor	Expected Dividend Yield	Weighted Average Expected Life (In Years)
2012	$ 7.50	0.7%	43%	1.7%	4.5
2011	$ 6.19	1.5%	37%	2.0%	4.5
2010	$ 10.67	2.2%	36%	1.1%	4.5

The following table summarizes stock options held by our employees that were outstanding and those that were exercisable as of December 31, 2012:

	Options Outstanding				Options Exercisable			
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Intrinsic Value at December 31, 2012	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Intrinsic Value at December 31, 2012
13.67-23.66	927,853	5.47	$ 14.33	$ 9,546,112	359,238	5.00	$ 14.24	$ 3,729,030
23.67-27.50	1,125,923	6.25	23.96	987,927	57,333	4.83	27.50	—
27.51-28.98	2,258,538	3.68	28.39	—	1,602,474	2.91	28.37	—
28.99-35.04	1,039,016	1.90	34.54	—	1,033,816	1.88	34.55	—
35.05-42.74	1,810,904	2.70	36.45	—	1,572,974	2.45	36.50	—
13.67-42.74	7,162,234	3.81	28.80	10,534,039	4,625,835	2.71	31.41	3,729,030

The number of shares vested and expected to vest total approximately 7.0 million, have a weighted average remaining contractual life of 3.8 years, a weighted average exercise price of $28.87 and an intrinsic value of $10.5 million.

Restricted Stock

During the year ended December 31, 2012 we granted approximately 0.7 million shares of restricted stock with a weighted average grant date fair value of $24.07. Almost all of these restricted shares are subject to both a service and performance-based vesting condition. If the performance objective is not achieved, the restricted stock is subject to automatic forfeiture to the Company for no consideration. Dividends on the unvested restricted stock are accrued until the vest date, at which time they are paid in full to the participants. Additionally, all executive officers of the Company who were granted restricted stock in 2012 and 2011 are required to hold a portion of their vested shares for a period of six months following the vesting of each tranche.

The following table summarizes restricted stock activity for the years ended December 31, 2012, 2011 and 2010:

	Restricted Shares	Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2009	672,787	$ 30.30
Granted	568,635	34.05
Vested	(290,220)	30.89
Cancelled	(1,333)	28.37
Outstanding as of December 31, 2010	949,869	32.37
Granted	987,681	23.98
Vested	(446,999)	32.53
Cancelled	(10,416)	30.85
Outstanding as of December 31, 2011	1,480,135	26.73
Granted	709,525	24.07
Vested	(701,922)	27.77
Cancelled	(149,157)	32.01
Outstanding as of December 31, 2012	1,338,581	$ 24.19

(16) Income Taxes

Income tax expense attributable to continuing operations for the years ended December 31, 2012, 2011 and 2010 consists of the following (in thousands):

	2012	2011	2010
Current provision:			
Federal	$ 76,613	$61,391	$135,337
State	9,449	10,270	20,967
Total current provision	86,062	71,661	156,304
Deferred provision:			
Federal	(16,959)	5,473	27,322
State	(1,557)	33	3,338
Total deferred provision	(18,516)	5,506	30,660
Total provision for income taxes	$ 67,546	$77,167	$186,964

A reconciliation of the federal statutory income tax rate to our effective income tax rate for the years ended December 31, 2012, 2011 and 2010 is as follows:

	2012	2011	2010
Federal statutory income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	2.0	3.2	3.3
Legal and regulatory accrual	6.0	2.3	—
Non cash stock option forfeitures	6.3	—	—
Uncertain tax positions	0.5	—	—
Domestic production deduction	(2.0)	(2.9)	(0.3)
Research and development credit	(1.3)	(1.2)	(0.4)
Other	(0.5)	(0.1)	0.4
Effective income tax rate	46.0%	36.3%	38.0%

The significant components of deferred income tax assets and liabilities at December 31, 2012 and 2011 consist of the following (in thousands):

	2012	2011
Deferred income tax assets:		
Accruals and reserves	$ 85,602	$ 37,907
Employee benefit accruals	38,013	44,142
Deferred revenue	21,198	23,385
Allowance for doubtful accounts	17,306	13,758
Net operating losses	8,575	9,923
State taxes	3,935	3,284
Investments	1,894	1,104
Total gross deferred income tax assets	176,523	133,503
Less: valuation allowance	—	—
Total deferred income tax assets	176,523	133,503
Deferred income tax liabilities:		
Amortization of goodwill and intangible assets	(193,008)	(148,892)
Depreciation	(15,974)	(20,135)
Deferred contract costs	(14,102)	(13,225)
Total deferred income tax liabilities	(223,084)	(182,252)
Net deferred income taxes	$ (46,561)	$ (48,749)

Deferred income taxes have been classified in the consolidated balance sheets as of December 31, 2012 and 2011 as follows (in thousands):

	2012	2011
Current assets	$ 127,742	$ 74,006
Non-current liabilities	(174,303)	(122,755)
Net deferred income taxes	$ (46,561)	$ (48,749)

Management believes that based on its historical pattern of taxable income, projections of future taxable income, tax planning strategies and other relevant evidence, the Company will produce sufficient taxable income in the future to realize its deferred income tax assets. A valuation allowance is established for any portion of a deferred income tax asset if management believes it is more likely than not that the Company will not be able to realize the benefits of a portion of a deferred income tax asset. Adjustments to the valuation allowance will be made if there is a change in management's assessment of the amount of deferred income tax asset that is realizable.

At December 31, 2012 and 2011 the Company had federal net operating loss carryforwards resulting in deferred tax assets of $8.6 million and $9.9 million, respectively. These net operating losses expire between 2027 and 2029. The Company fully anticipates utilizing these losses prior to expiration and thus, no valuation allowance has been established.

The Company is a participant in the Internal Revenue Service's Compliance Assurance Process (CAP), which is a real time audit of the income tax returns and other tax related matters. The IRS has completed its review for tax years through 2011 resulting in no material adverse changes to any member of the LPS consolidated group. The IRS is currently reviewing the 2012 tax year and management believes the ultimate resolution of the examination will not result in a material adverse effect to our financial position or results of operations. Substantially all of the state income tax audits have been concluded through the 2008 tax year.

The Company provides for United States income taxes on earnings of foreign subsidiaries unless they are considered permanently reinvested outside the United States.

The Company experienced a large forfeiture of stock options in 2012 resulting in an adjustment to the employee benefits related deferred tax asset. In connection with this adjustment, the company's historical Additional Paid-in Capital tax windfall pool was extinguished and future forfeitures could impact income tax expense.

In January 2013, the American Taxpayer Relief Act of 2012 was signed into law. The research and development credit, which previously expired at the end of 2011, was retroactively extended through the 2013 tax year. We are required to account for the impact of the 2012 credit in the year of enactment and thus, the estimated $2.0 million benefit associated with the credit has not been included in the 2012 income tax provision, but will be included in the 2013 income tax provision.

Reserves for uncertain tax positions are computed by determining a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740-10 provides guidance on measurement and classification of amounts relating to uncertain tax positions, accounting for interest and penalties, and disclosures. The Company's policy is to recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense.

The Company did not have any positions which it deemed to be uncertain in any period during 2011 and 2010. The following table reconciles the gross amounts of unrecognized tax benefits at the beginning and end of the current period (in thousands):

	Gross Amount
Amount of unrecognized tax benefit at December 31, 2011	$ —
Increases as a result of tax positions taken in the current year	—
Increases as a result of tax positions taken in a prior period	1,028
Amount of unrecognized tax benefit as of December 31, 2012	$ 1,028

(17) Concentration of Risk

We generate a significant amount of revenue from large customers, including one customer that accounted for 21.2%, 21.5% and 20.0% of total revenue and another customer that accounted for 15.4%, 17.4% and 11.1% of total revenue, in the years ended December 31, 2012, 2011 and 2010, respectively.

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents and trade receivables.

(18) Segment Information

As discussed in note 1, in connection with organizational realignments implemented during the first quarter ended March 31, 2012, the composition of our reporting segments has changed. Prior year information was reclassified to conform to the current year's presentation. Summarized financial information concerning our segments is shown in the following tables.

As of and for the year ended December 31, 2012 (in thousands):

	Technology, Data and Analytics	Transaction Services	Corporate and Other	Total
Revenues	$ 736,905	$1,262,738	$ (1,992)	$1,997,651
Operating expenses (1)	440,712	982,974	41,409	1,465,095
Depreciation and amortization	74,999	17,837	3,908	96,744
Legal and regulatory charges	—	—	192,417	192,417
Exit costs, impairments and other charges	2,827	1,531	6,102	10,460
Operating income (loss)	218,367	260,396	(245,828)	232,935
Total other income (expense)	1,635	2,779	(90,366)	(85,952)
Earnings (loss) from continuing operations before income tax	220,002	263,175	(336,194)	146,983
Income tax provision (benefit)	78,981	94,480	(105,915)	67,546
Earnings (loss) from continuing operations	$ 141,021	$ 168,695	$(230,279)	$ 79,437
Capital expenditures (2)	$ 88,498	$ 22,888	$ 1,400	$ 112,786
Total assets (3)	$1,263,450	$ 741,976	$ 440,408	$2,445,834
Goodwill (3)	$ 724,833	$ 384,471	$ —	$1,109,304

As of and for the year ended December 31, 2011 (in thousands):

	Technology, Data and Analytics	Transaction Services	Corporate and Other	Total
Revenues	$ 679,599	$1,309,905	$ (6,071)	$1,983,433
Operating expenses (1)	388,796	1,032,530	59,045	1,480,371
Depreciation and amortization	67,184	17,555	4,203	88,942
Legal and regulatory charges	—	—	78,484	78,484
Exit costs, impairments and other charges	16,858	3,816	36,238	56,912
Operating income (loss)	206,761	256,004	(184,041)	278,724
Total other income (expense)	1,386	1,704	(69,403)	(66,313)
Earnings (loss) from continuing operations before income tax	208,147	257,708	(253,444)	212,411
Income tax provision (benefit)	79,926	95,991	(98,750)	77,167
Earnings (loss) from continuing operations	$ 128,221	$ 161,717	$(154,694)	$ 135,244
Capital expenditures (2)	$ 73,382	$ 15,505	$ 5,891	$ 94,778
Total assets (3)	$1,230,610	$ 754,113	$ 260,692	$2,245,415
Goodwill (3)	$ 755,757	$ 377,071	$ —	$1,132,828

As of and for the year ended December 31, 2010 (in thousands):

	Technology, Data and Analytics	Transaction Services	Corporate and Other	Total
Revenues	$ 665,750	$1,538,630	$ (7,829)	$2,196,551
Operating expenses (1)	355,424	1,154,009	23,627	1,533,060
Depreciation and amortization	60,712	21,917	4,820	87,449
Exit costs, impairments and other charges	—	9,800	4,269	14,069
Operating income (loss)	249,614	352,904	(40,545)	561,973
Total other income (expense)	2,065	882	(72,902)	(69,955)
Earnings (loss) from continuing operations before income tax	251,679	353,786	(113,447)	492,018
Income tax provision (benefit)	103,842	142,232	(59,110)	186,964
Earnings (loss) from continuing operations	$ 147,837	$ 211,554	$ (54,337)	$ 305,054
Capital expenditures (2)	$ 75,035	$ 17,167	$ 6,996	$ 99,198
Total assets (3)	$1,228,943	$ 837,150	$ 185,750	$2,251,843
Goodwill (3)	$ 774,061	$ 385,478	$ —	$1,159,539

(1) Operating expenses within the “Corporate and Other” segment are attributable to unallocated general and administrative expenses, which the Company believes are immaterial.
(2) Excludes the impact of discontinued operations.
(3) Includes the impact of discontinued operations.

(19) Consolidating Financial Information

As explained in note 13, on August 18, 2011, LPS (the “Parent Company”) entered into an Amendment, Restatement and Joinder Agreement (the “Amendment Agreement”) in respect of the Credit Agreement dated as of July 2, 2008. The 2011 Credit Agreement and the Notes are fully and unconditionally guaranteed, jointly and severally, by the majority of the subsidiaries of the Parent Company (the “Subsidiary Guarantors”). Certain other subsidiaries (the “Other Subsidiaries”) are not guarantors of the 2011 Credit Agreement and the Notes. The guarantees of the Notes by the Subsidiary Guarantors are general unsecured obligations of the Subsidiary Guarantors, and accordingly are senior to any of their existing and future subordinated debt obligations, equal in right of payment with any of their existing and future senior unsecured indebtedness and effectively subordinated to any of their existing and future secured indebtedness to the extent of the assets securing such debt (including the Subsidiary Guarantors' obligations under the 2011 Credit Agreement).

The Parent Company conducts virtually all of its business operations through its Subsidiary Guarantors and Other Subsidiaries. Accordingly, the Parent Company's main sources of internally generated cash are dividends and distributions with respect to its ownership interests in the subsidiaries, which are derived from the cash flow generated by the subsidiaries.

As of December 31, 2012, the Parent Company has no independent assets or operations, and its subsidiaries' guarantees are full and unconditional and joint and several. There are no significant restrictions on the ability of LPS or any of the Subsidiary Guarantors to obtain funds by dividend or loan from any of our subsidiaries other than National Title Insurance of New York, Inc. ("NTNY"), our title insurance underwriter subsidiary. As discussed in note 5, NTNY is statutorily required to maintain investment assets backing its reserves for settling losses on the policies it issues, and its ability to pay dividends or make loans is limited by regulatory requirements. NTNY, which is not a Subsidiary Guarantor, was more than a minor subsidiary as of and during the years ended December 31, 2012, 2011 and 2010.

The following tables set forth, on a consolidating basis, the statements of earnings and the statements of cash flows for the years ended December 31, 2012, 2011 and 2010 and the balance sheets as of December 31, 2012 and 2011, for the Parent Company, the Subsidiary Guarantors and Other Subsidiaries.

The following table represents our consolidating balance sheet as of December 31, 2012 (in thousands):

	Parent Company(1)	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Assets:					
Current assets	$ 3,371	$ 650,978	$ 29,758	$ —	$ 684,107
Investment in subsidiaries	1,579,697	—	—	(1,579,697)	—
Non-current assets	21,131	1,662,882	77,714	—	1,761,727
Total assets	$1,604,199	$2,313,860	$ 107,472	$(1,579,697)	$2,445,834
Liabilities and equity:					
Current liabilities	$ 9,532	$ 539,031	$ 49,797	$ —	$ 598,360
Total liabilities	1,061,303	794,713	46,922	—	1,902,938
Total equity	542,896	1,519,147	60,550	(1,579,697)	542,896
Total liabilities and equity	$1,604,199	$2,313,860	$ 107,472	$(1,579,697)	$2,445,834

The following table represents our consolidating statement of earnings and comprehensive earnings (loss) for the year ended December 31, 2012 (in thousands):

	Parent Company(2)	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Revenues	$ —	$1,668,562	$ 329,089	$ —	$1,997,651
Operating expenses	25,749	1,423,623	315,344	—	1,764,716
Operating income	(25,749)	244,939	13,745	—	232,935
Other income (expense)	(88,008)	(76)	2,132	—	(85,952)
Earnings (loss) from continuing operations before income taxes and equity in earnings of consolidated entity	(113,757)	244,863	15,877	—	146,983
Provision (benefit) for income taxes	(31,571)	93,210	5,907	—	67,546
Earnings (loss) from continuing operations before equity in earnings of consolidated entities	(82,186)	151,653	9,970	—	79,437
Equity in earnings of consolidated entities, net of tax	152,545	—	—	(152,545)	—
Earnings (loss) from continuing operations	70,359	151,653	9,970	(152,545)	79,437
Loss from discontinued operations, net of tax	—	(9,078)	—	—	(9,078)
Net earnings	70,359	142,575	9,970	(152,545)	70,359
Total other comprehensive earnings (loss)	(1,959)	—	663	—	(1,296)
Comprehensive earnings (loss)	$ 68,400	$ 142,575	$ 10,633	$ (152,545)	$ 69,063

The following table represents our consolidating statement of cash flows for the year ended December 31, 2012 (in thousands):

	Parent Company	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Cash flow from operating activities:					
Net earnings	$ 70,359	$ 142,575	$ 9,970	$ (152,545)	$ 70,359
Adjustment to reconcile net earnings to net cash provided by (used in) operating activities:					
Non-cash expenses and other items	(105,882)	71,705	260	152,545	118,628
Changes in assets and liabilities, net of effects from acquisitions	(14,733)	242,347	17,861	—	245,475
Net cash provided by (used in) operating activities	(50,256)	456,627	28,091	—	434,462
Net cash provided by (used in) investing activities	30,378	(157,662)	(19,048)	—	(146,332)
Net cash used in financing activities	(129,244)	—	—	—	(129,244)
Net increase (decrease) in cash and cash equivalents	$(149,122)	$ 298,965	$ 9,043	$ —	$ 158,886
Cash and cash equivalents, beginning of year					77,355
Cash and cash equivalents, end of year					$ 236,241

The following table represents our consolidating balance sheet as of December 31, 2011 (in thousands):

	Parent Company(1)	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Assets:					
Current assets	$ 2,065	$ 515,189	$ 13,582	$ —	$ 530,836
Investment in subsidiaries	1,599,546	—	—	(1,599,546)	—
Non-current assets	22,761	1,629,971	61,847	—	1,714,579
Total assets	$1,624,372	$2,145,160	$ 75,429	$(1,599,546)	$2,245,415
Liabilities and equity:					
Current liabilities	$ 55,856	$ 368,780	$ 33,350	$ —	$ 457,986
Total liabilities	1,136,384	588,408	32,635	—	1,757,427
Total equity	487,988	1,556,752	42,794	(1,599,546)	487,988
Total liabilities and equity	$1,624,372	$2,145,160	$ 75,429	$(1,599,546)	$2,245,415

The following table represents our consolidating statement of earnings and comprehensive earnings (loss) for the year ended December 31, 2011 (in thousands):

	Parent Company(2)	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Revenues	$ —	$1,712,382	$ 271,051	$ —	$1,983,433
Operating expenses	41,709	1,400,946	262,054	—	1,704,709
Operating income (loss)	(41,709)	311,436	8,997	—	278,724
Other income (expense)	(67,582)	(92)	1,361	—	(66,313)
Earnings (loss) from continuing operations before income taxes and equity in earnings of consolidated entity	(109,291)	311,344	10,358	—	212,411
Provision (benefit) for income taxes	(39,573)	113,233	3,507	—	77,167
Earnings (loss) from continuing operations before equity in earnings of consolidated entities	(69,718)	198,111	6,851	—	135,244
Equity in earnings of consolidated entities, net of tax	166,261	—	—	(166,261)	—
Earnings (loss) from continuing operations	96,543	198,111	6,851	(166,261)	135,244
Loss from discontinued operations, net of tax	—	(38,701)	—	—	(38,701)
Net earnings	96,543	159,410	6,851	(166,261)	96,543
Total other comprehensive earnings (loss)	(2,767)	—	1,267	—	(1,500)
Comprehensive earnings (loss)	$ 93,776	$ 159,410	$ 8,118	$ (166,261)	$ 95,043

The following table represents our consolidating statement of cash flows for the year ended December 31, 2011 (in thousands):

	Parent Company	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Cash flow from operating activities:					
Net earnings	$ 96,543	$ 159,410	$ 6,851	$ (166,261)	$ 96,543
Adjustment to reconcile net earnings to net cash provided by (used in) operating activities:					
Non-cash expenses and other items	(126,087)	178,746	590	166,261	219,510
Changes in assets and liabilities, net of effects from acquisitions	(4,376)	161,230	4,952	—	161,806
Net cash provided by (used in) operating activities	(33,920)	499,386	12,393	—	477,859
Net cash provided by (used in) investing activities	4,451	(138,623)	(21,534)	—	(155,706)
Net cash used in financing activities	(297,085)	—	—	—	(297,085)
Net increase (decrease) in cash and cash equivalents	$(326,554)	$ 360,763	$ (9,141)	$ —	$ 25,068
Cash and cash equivalents, beginning of year					52,287
Cash and cash equivalents, end of year					$ 77,355

The following table represents our consolidating statement of earnings and comprehensive earnings (loss) for the year ended December 31, 2010 (in thousands):

	Parent Company(2)	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Revenues	$ —	$1,899,671	$ 296,880	$ —	$2,196,551
Operating expenses	32,077	1,318,502	283,999	—	1,634,578
Operating income (loss)	(32,077)	581,169	12,881	—	561,973
Other income (expense)	(71,277)	772	550	—	(69,955)
Earnings (loss) from continuing operations before income taxes and equity in earnings of consolidated entity	(103,354)	581,941	13,431	—	492,018
Provision (benefit) for income taxes	(39,275)	221,134	5,105	—	186,964
Earnings (loss) from continuing operations before equity in earnings of consolidated entities	(64,079)	360,807	8,326	—	305,054
Equity in earnings of consolidated entities, net of tax	366,423	—	—	(366,423)	—
Earnings (loss) from continuing operations	302,344	360,807	8,326	(366,423)	305,054
Loss from discontinued operations, net of tax	—	(2,710)	—	—	(2,710)
Net earnings	302,344	358,097	8,326	(366,423)	302,344
Total other comprehensive earnings (loss)	7,571	—	(224)	—	7,347
Comprehensive earnings (loss)	$ 309,915	$ 358,097	$ 8,102	$ (366,423)	$ 309,691

The following table represents our consolidating statement of cash flows for the year ended December 31, 2010 (in thousands):

	Parent Company	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Cash flow from operating activities:					
Net earnings	$ 302,344	$ 358,097	$ 8,326	$ (366,423)	$ 302,344
Adjustment to reconcile net earnings to net cash provided by (used in) operating activities:					
Non-cash expenses and other items	(331,426)	130,015	794	366,423	165,806
Changes in assets and liabilities, net of effects from acquisitions	(23,318)	(656)	4,518	—	(19,456)
Net cash provided by (used in) operating activities	(52,400)	487,456	13,638	—	448,694
Net cash used in investing activities	(271)	(131,186)	(20,979)	—	(152,436)
Net cash used in financing activities	(311,521)	(2,978)	—	—	(314,499)
Net (decrease) increase in cash and cash equivalents	$(364,192)	$ 353,292	$ (7,341)	$ —	$ (18,241)
Cash and cash equivalents, beginning of year					70,528
Cash and cash equivalents, end of year					$ 52,287

(1) The Parent Company does not allocate current or deferred income tax assets or liabilities to the Subsidiary Guarantors or Other Subsidiaries.
(2) The Parent Company does not allocate corporate overhead to the Subsidiary Guarantors or Other Subsidiaries.

(20) Subsequent Events

Subsequent events have been evaluated through the date on which the financial statements were filed.

Dividend Declared

On February 7, 2013, the Board of Directors declared a regular quarterly dividend of $0.10 per common share payable March 21, 2013 to stockholders of record as of the close of business on March 7, 2013.

Share Repurchase Authorization

On February 7, 2013, our Board of Directors approved an authorization to repurchase up to $100.0 million of our common stock, effective through June 30, 2014.

LENDER PROCESSING SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

	June 30, 2013	December 31, 2012
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 142,490	$ 236,241
Trade receivables, net of allowance for doubtful accounts of $40.5 million and $45.5 million, respectively	248,210	274,783
Other receivables	5,806	3,800
Income tax receivable	17,503	—
Prepaid expenses and other current assets (inclusive of investments carried at fair value)—see note 4	42,739	41,541
Deferred income taxes, net	88,213	127,742
Total current assets	544,961	684,107
Property and equipment, net of accumulated depreciation of $208.9 million and $195.7 million, respectively	122,398	126,633
Computer software, net of accumulated amortization of $223.2 million and $205.0 million, respectively	262,431	245,271
Other intangible assets, net of accumulated amortization of $290.3 million and $286.3 million, respectively	20,161	23,670
Goodwill	1,109,304	1,109,304
Other non-current assets (inclusive of investments carried at fair value)—see note 4	279,322	256,849
Total assets	$2,338,577	$ 2,445,834
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 26,750	$ —
Trade accounts payable	45,373	38,901
Accrued salaries and benefits	77,175	107,984
Legal and regulatory accrual	88,578	223,149
Other accrued liabilities	140,137	169,458
Deferred revenues	58,144	58,868
Total current liabilities	436,157	598,360
Deferred revenues	23,325	24,987
Deferred income taxes, net	194,314	174,303
Long-term debt, net of current portion	1,041,375	1,068,125
Other non-current liabilities	32,862	37,163
Total liabilities	1,728,033	1,902,938
Commitments and contingencies (note 8)		
Stockholders' equity:		
Preferred stock $0.0001 par value; 50 million shares authorized, none issued at June 30, 2013 and December 31, 2012	—	—
Common stock $0.0001 par value; 500 million shares authorized, 97.4 million shares issued at June 30, 2013 and December 31, 2012	10	10
Additional paid-in capital	245,297	250,016
Retained earnings	749,876	694,148
Accumulated other comprehensive loss	(2,983)	(3,079)
Treasury stock at cost; 12.1 million and 12.5 million shares at June 30, 2013 and December 31, 2012, respectively	(381,656)	(398,199)
Total stockholders' equity	610,544	542,896
Total liabilities and stockholders' equity	$2,338,577	$ 2,445,834

See accompanying notes to condensed consolidated financial statements (unaudited).

LENDER PROCESSING SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
	(In thousands, except per share data)			
Revenues	$ 468,880	$ 513,377	$ 940,541	$ 999,171
Expenses:				
Operating expenses	343,841	369,513	690,000	738,187
Depreciation and amortization	26,652	23,453	52,726	47,367
Legal and regulatory charges	47,641	144,476	51,566	144,476
Exit costs, impairments and other charges	5,626	—	1,701	—
Total expenses	423,760	537,442	795,993	930,030
Operating income (loss)	45,120	(24,065)	144,548	69,141
Other income (expense):				
Interest income	565	454	1,144	902
Interest expense	(13,083)	(16,455)	(26,597)	(32,857)
Other income, net	282	74	291	159
Total other income (expense)	(12,236)	(15,927)	(25,162)	(31,796)
Earnings (loss) from continuing operations before income taxes	32,884	(39,992)	119,386	37,345
Provision (benefit) for income taxes	12,162	(4,878)	44,168	23,968
Earnings (loss) from continuing operations	20,722	(35,114)	75,218	13,377
Loss from discontinued operations, net of tax	(1,638)	(2,766)	(2,204)	(4,136)
Net earnings (loss)	$ 19,084	$ (37,880)	$ 73,014	$ 9,241
Net earnings (loss) per share—basic from continuing operations	$ 0.24	$ (0.42)	$ 0.88	$ 0.16
Net loss per share—basic from discontinued operations	(0.02)	(0.03)	(0.02)	(0.05)
Net earnings (loss) per share—basic	$ 0.22	$ (0.45)	$ 0.86	$ 0.11
Weighted average shares outstanding—basic	85,097	84,578	85,010	84,511
Net earnings (loss) per share—diluted from continuing operations	$ 0.24	$ (0.42)	$ 0.88	$ 0.16
Net loss per share—diluted from discontinued operations	(0.02)	(0.03)	(0.02)	(0.05)
Net earnings (loss) per share—diluted	$ 0.22	$ (0.45)	$ 0.86	$ 0.11
Weighted average shares outstanding—diluted	85,560	84,578	85,359	84,680

See accompanying notes to condensed consolidated financial statements (unaudited).

LENDER PROCESSING SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Earnings (Loss)
(Unaudited)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
	(In thousands)			
Net earnings (loss)	$ 19,084	$ (37,880)	$ 73,014	$ 9,241
Other comprehensive earnings (loss):				
Unrealized (loss) gain on investments, net of tax (1):				
Unrealized holding (losses) gains	(1,834)	1,044	(2,074)	977
Reclassification adjustments for gains on sold investments included in net earnings	(17)	—	(30)	(57)
Total unrealized (loss) gain on investments, net of tax (1)	(1,851)	1,044	(2,104)	920
Unrealized gain (loss) on interest rate swaps, net of tax (2):				
Unrealized holding gains (losses)	1,049	(2,344)	1,032	(3,107)
Reclassification adjustments for losses included in net earnings	646	648	1,253	1,277
Total unrealized gain (loss) on interest rate swaps, net of tax (2)	1,695	(1,696)	2,285	(1,830)
Currency translation adjustment	(87)	—	(85)	—
Other comprehensive (loss) earnings	(243)	(652)	96	(910)
Comprehensive earnings (loss)	$ 18,841	$ (38,532)	$ 73,110	$ 8,331

(1) Net of income tax benefit of $1.1 million and $0.3 million for the three months ended June 30, 2013 and 2012, respectively and $1.3 million and $0.4 million for the six months ended June 30, 2013 and 2012, respectively.

(2) Net of income tax (expense) benefit of $(1.0) million and $1.1 million for the three months ended June 30, 2013 and 2012, respectively and $(1.4) million and $1.1 million for the six months ended June 30, 2013 and 2012, respectively.

See accompanying notes to condensed consolidated financial statements (unaudited).

LENDER PROCESSING SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statement of Equity
Six Months Ended June 30, 2013
(Unaudited)

	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Shares	Treasury Stock	Total Equity
				(In thousands)				
Balances, December 31, 2012	97,427	$ 10	$250,016	$694,148	$ (3,079)	(12,514)	$(398,199)	$542,896
Net earnings	—	—	—	73,014	—	—	—	73,014
Cash dividends declared (1)(2)	—	—	—	(17,286)	—	—	—	(17,286)
Exercise of stock options and restricted stock vesting	—	—	(18,372)	—	—	364	16,543	(1,829)
Stock-based compensation cost	—	—	13,653	—	—	—	—	13,653
Unrealized loss on investments, net	—	—	—	—	(2,104)	—	—	(2,104)
Unrealized gain on interest rate swaps, net	—	—	—	—	2,285	—	—	2,285
Currency translation adjustment	—	—	—	—	(85)	—	—	(85)
Balances, June 30, 2013	97,427	$ 10	$245,297	$749,876	$ (2,983)	(12,150)	$(381,656)	$610,544

(1) Dividends of $0.10 per common share were paid on March 21, 2013 and June 13, 2013.
(2) Dividends declared includes dividends accrued on restricted stock that are not paid until a vesting occurs.

See accompanying notes to condensed consolidated financial statements (unaudited).

LENDER PROCESSING SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
	(In thousands)	
Cash flows from operating activities:		
Net earnings	$ 73,014	$ 9,241
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	52,710	48,889
Amortization of debt issuance costs	2,091	2,231
Asset impairment charges	785	3,688
Gain on sale of discontinued operations	—	(8,321)
Deferred income taxes, net	59,086	(15,415)
Stock-based compensation cost	13,653	12,348
Income tax effect of equity compensation	(533)	1,034
Changes in assets and liabilities, net of effects of acquisitions:		
Trade receivables	26,484	26,911
Income tax receivable	(17,503)	—
Other receivables	(2,006)	(2,296)
Prepaid expenses and other assets	(10,847)	(14,053)
Deferred revenues	(2,385)	7,752
Accounts payable, accrued liabilities and other liabilities	(188,073)	145,877
Net cash provided by operating activities	6,476	217,886
Cash flows from investing activities:		
Additions to property and equipment	(12,619)	(11,989)
Additions to capitalized software	(42,819)	(37,988)
Purchases of investments, net of proceeds from sales	(10,039)	(8,728)
Acquisition of title plants and property records data	(15,482)	(22,613)
Proceeds from sale of discontinued operations, net of cash distributed	—	18,706
Net cash used in investing activities	(80,959)	(62,612)
Cash flows from financing activities:		
Debt service payments	—	(71,457)
Exercise of stock options and restricted stock vesting	(1,829)	(2,734)
Income tax effect of equity compensation	533	(1,034)
Dividends paid	(17,020)	(16,913)
Payment of contingent consideration related to acquisitions	(952)	(2,000)
Net cash used in financing activities	(19,268)	(94,138)
Net (decrease) increase in cash and cash equivalents	(93,751)	61,136
Cash and cash equivalents, beginning of period	236,241	77,355
Cash and cash equivalents, end of period	$ 142,490	$ 138,491
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 26,087	$ 29,378
Cash paid for taxes	$ 6,483	$ 21,589

See accompanying notes to condensed consolidated financial statements (unaudited).

Except as otherwise indicated or unless the context otherwise requires, all references to "LPS," "we," the "Company," or the "registrant" are to Lender Processing Services, Inc., a Delaware corporation that was incorporated in December 2007 as a wholly-owned subsidiary of Fidelity National Information Services, Inc. ("FIS"), a Georgia corporation, and its subsidiaries. FIS owned all of LPS's shares until they were distributed to the shareholders of FIS in a tax-free spin-off on July 2, 2008.

(1) Basis of Presentation

The unaudited financial information included in this report includes the accounts of Lender Processing Services, Inc. and its wholly-owned subsidiaries, prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and the instructions to Form 10-Q and Article 10 of Regulation S-X. All adjustments considered necessary for a fair presentation have been included. The preparation of these condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. This report should be read in conjunction with the Company's Annual Report on Form 10-K that was filed on February 25, 2013 and our other filings with the Securities and Exchange Commission.

Reporting Segments

We are a provider of integrated technology, data and services to the mortgage lending industry, with a market leading position in mortgage processing in the U.S. We conduct our operations through two reporting segments, Technology, Data and Analytics ("TD&A") and Transaction Services.

Reclassifications

Certain prior period information has been reclassified to conform with the current period presentation.

Proposed Transaction with FNF

On May 28, 2013, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Fidelity National Financial, Inc. ("FNF") and Lion Merger Sub, Inc., a subsidiary of FNF ("Merger Subsidiary"), pursuant to which Merger Subsidiary will be merged with and into the Company, with the Company surviving as a subsidiary of FNF (the "Merger").

Subject to the terms and conditions of the Merger Agreement, which has been approved by the boards of directors of LPS and FNF, at the effective time of the Merger, each share of Company common stock ("Company Common Stock") issued and outstanding immediately prior to the effective time (other than (i) shares owned by the Company, its subsidiaries, FNF or Merger Subsidiary and (ii) shares in respect of which appraisal rights have been properly exercised and perfected under Delaware law) will be converted into the right to receive (i) $22.303 in cash, as the same may be increased pursuant to the Merger Agreement (the "Cash Consideration"), and (ii) a fraction of a share of Class A common stock, par value $0.0001 per share, of FNF ("FNF Common Stock") equal to an exchange ratio, established (and subject to adjustment) under the terms of the Merger Agreement (such exchange ratio, the "Exchange Ratio" and such consideration the "Stock Consideration" and, together with the Cash Consideration, the "Merger Consideration").

Prior to mailing the joint proxy statement/prospectus in connection with the Merger, FNF can elect to alter the consideration mix by further increasing the Cash Consideration such that the total of all such increases do not exceed $16.625 per share of Company Common Stock (including the prior $5.678 increase), in which event there would be corresponding decreases in the Stock Consideration as provided under the terms of the Merger Agreement and the Exchange Ratio would be adjusted to reflect the new consideration mix. However, if FNF elects to increase the Cash Consideration and the Average FNF Stock Price (as defined in the Merger Agreement) is greater than $26.763, then the Exchange Ratio will be adjusted to reflect the increased value that would have been received at the closing of the Merger had FNF not elected to alter the consideration mix.

Consummation of the Merger is subject to the satisfaction or waiver of customary conditions, including, among other things, (i) the adoption of the Merger Agreement by the holders of a majority of the outstanding shares of Company Common Stock entitled to vote on the Merger (the "Company Stockholder Approval"), (ii) to the extent required under the terms of the Merger Agreement, the approval of the issuance of shares of FNF Common Stock in connection with the Merger (the "FNF Share Issuance") by the holders of a majority of the shares of FNF Common Stock represented at a meeting of FNF stockholders, (iii) the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), (iv) the consent or approval by certain state regulatory entities, (v) the absence of any injunction or applicable law prohibiting consummation of the Merger, (vi) to the extent shares of FNF Common Stock will be issued in the Merger, the Registration Statement on Form S-4 filed with respect to the Merger and the FNF Share Issuance having been declared effective by the Securities and Exchange Commission (the "SEC"), (vii) to the extent shares of FNF Common Stock will be issued in the Merger, such shares having been approved for listing on the New York Stock Exchange, (viii) the accuracy of the representations and warranties made by the Company, FNF and Merger Subsidiary (subject to materiality qualifiers), including the absence of any change, effect, event, occurrence, circumstance or state of facts, from March 31, 2013 to the effective time of the Merger, that has had or would reasonably be expected to have a Material Adverse Effect (as defined in the Merger Agreement) with respect to the Company or a FNF Material Adverse Effect (as defined in the Merger Agreement) with respect to FNF and (ix) the performance, in all material respects, by each of the Company, FNF and Merger Subsidiary of all of its obligations under the Merger Agreement. The Merger Agreement contains customary representations and warranties made by the Company, FNF and Merger Subsidiary. The Merger Agreement also contains customary covenants. In addition, each of the Company and FNF has agreed (i) to conduct its business in the ordinary course of business during the period between the execution of the Merger Agreement and the closing of the Merger and (ii) not to take certain actions prior to the closing of the Merger without the prior consent of the other party.

In connection with the Merger, on July 12, 2013, the Company received a request for additional information and documentary material, often referred to as a "Second Request", from the United States Federal Trade Commission (the "FTC") in connection with the HSR Act regulatory review of the Merger. The effect of the Second Request is to extend the waiting period imposed by the HSR Act until 30 days after the Company and FNF have substantially complied with the Second Request, unless that period is extended voluntarily by the Company and FNF or terminated sooner by the FTC. The Company expects the transaction to close in the fourth quarter of 2013.

The Merger Agreement contains certain termination rights for the Company and FNF. Among other things, the Company can terminate the Merger Agreement if the Average FNF Stock Price is less than $20.00 at the time when all other closing conditions are satisfied. The Merger Agreement also specifies circumstances in which the Company would be required to pay FNF a termination fee of $74 million, and circumstances in which FNF would be required to pay the Company a reverse termination fee of $74 million.

Additional information about the merger and the terms of the Merger Agreement can be found in the Current Report on Form 8-K filed by the Company on May 28, 2013 under Item 1.01, and the full text of the Merger Agreement in Exhibit 2.1 to that Form 8-K.

(2) Fair Value

Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities are determined using the following fair value hierarchy:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability; and
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. We believe our valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level within the fair value hierarchy, our assets and liabilities measured at fair value on a recurring basis. The fair values of other financial instruments, which primarily includes long term debt, are estimated as of period-end and disclosed elsewhere in these notes.

			Fair Value			
As of June 30, 2013 (in millions):	**Classification**	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments (note 4)	Asset	$ 80.7	$ 4.8	$ 75.9	$ —	$ 80.7
Interest rate swaps (note 7)	Liability	$ 4.9	$ —	$ 4.9	$ —	$ 4.9

			Fair Value			
As of December 31, 2012 (in millions):	**Classification**	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments (note 4)	Asset	$ 74.6	$ 5.1	$ 69.5	$ —	$ 74.6
Interest rate swaps (note 7)	Liability	$ 8.6	$ —	$ 8.6	$ —	$ 8.6

Our Level 1 financial instruments include U.S. government and agency bonds, for which there are quoted prices in active markets. Our Level 2 financial instruments consist of corporate bonds, municipal bonds and derivatives, for which there are parallel markets or alternative means to estimate fair value using observable information inputs. The estimates used are subjective in nature and involve uncertainties and significant judgment in the interpretation of current market data. Therefore, the values presented are not necessarily indicative of amounts we could realize or settle currently.

Fair Value of Assets Acquired and Liabilities Assumed

The fair values of assets acquired and liabilities assumed in business combinations are estimated using various assumptions. The most significant assumptions, and those requiring the most judgment, involve the estimated fair values of contingent consideration, intangible assets and software, with the remaining value, if any, attributable to goodwill. The Company utilizes third-party experts to assist with determining the fair values of intangible assets and software purchased in business combinations.

(3) Net Earnings Per Share

The basic weighted average shares and common stock equivalents are computed using the treasury stock method. The following table summarizes the earnings (loss) per share for the three and six months ending June 30, 2013 and 2012 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Earnings (loss) from continuing operations, net of tax	$ 20,722	$ (35,114)	$ 75,218	$ 13,377
Loss from discontinued operations, net of tax	(1,638)	(2,766)	(2,204)	(4,136)
Net earnings (loss)	$ 19,084	$ (37,880)	$ 73,014	$ 9,241
Net earnings (loss) per share—basic from continuing operations	$ 0.24	$ (0.42)	$ 0.88	$ 0.16
Net loss per share—basic from discontinued operations	(0.02)	(0.03)	(0.02)	(0.05)
Net earnings (loss) per share—basic	$ 0.22	$ (0.45)	$ 0.86	$ 0.11
Weighted average shares outstanding—basic	85,097	84,578	85,010	84,511
Net earnings (loss) per share—diluted from continuing operations	$ 0.24	$ (0.42)	$ 0.88	$ 0.16
Net loss per share—diluted from discontinued operations	(0.02)	(0.03)	(0.02)	(0.05)
Net earnings (loss) per share—diluted	$ 0.22	$ (0.45)	$ 0.86	$ 0.11
Weighted average shares outstanding—diluted	85,560	84,578	85,359	84,680

Options to purchase approximately 2.4 million and 7.3 million shares of our common stock for the three months ended June 30, 2013 and 2012, respectively, and 3.8 million and 7.5 million shares of our common stock for the six months ended June 30, 2013 and 2012, respectively, were not included in the computation of diluted earnings (loss) per share because they were antidilutive. In addition, as of June 30, 2013, 1.8 million shares of restricted stock are not included in our weighted average shares outstanding due to vesting restrictions that contain forfeitable rights to dividends. We may, in the future, limit dilution caused by option exercises, including anticipated exercises, by repurchasing shares in the open market or in privately negotiated transactions.

Our ability to repurchase shares of common stock or senior notes is subject to restrictions contained in our senior secured credit agreement and in the indenture governing our senior unsecured notes. On February 6, 2013, our Board of Directors approved an authorization to repurchase up to $100.0 million of our common stock, effective through June 30, 2014. As of June 30, 2013, we have not utilized any of the available repurchase authority and, pursuant to the Merger Agreement, we are prohibited from doing so without obtaining the prior written consent of FNF.

(4) Investments

Our title insurance underwriter subsidiary, National Title Insurance of New York, Inc. (“NTNY”), is statutorily required to maintain investment assets backing its reserves for settling losses on the policies it issues. These investments, which consist of treasury bonds, municipal bonds, government agency bonds and corporate bonds, are classified as available for sale securities, and are included in the accompanying condensed consolidated balance sheets at fair value within prepaid expenses and other current assets and other non-current assets. Any unrealized gains or losses on these investments are recognized in other comprehensive earnings (loss) until the investment maturity or sale date. Since the Company does not intend to sell and will more-likely-than-not maintain each debt security until its anticipated recovery, and no significant credit risk is deemed to exist, these investments are not considered other than temporarily impaired.

The amortized cost and fair value of our available for sale securities at June 30, 2013 and December 31, 2012 are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
As of June 30, 2013	$ 80,551	$ 1,765	$ (1,596)	$80,720
As of December 31, 2012	$ 71,035	$ 3,669	$ (83)	$74,621

There have been no significant changes to the stated maturities on our investment portfolio since December 31, 2012, as reflected in our 2012 Annual Report on Form 10-K.

(5) Discontinued Operations

During 2012, the Company sold or disposed of certain non-core or underperforming business units including SoftPro, True Automation, Aptitude Solutions and Insurance Risk Management Services, all of which were previously included as part of the TD&A segment. Also during 2012, the Company sold its Tax Services business (other than our tax data services, which are now included in our TD&A segment) and discontinued its Asset Management Solutions business unit, both of which were previously included within the Transaction Services segment.

Each of these asset groups qualifies as discontinued operations under ASC Topic 205-20 *Presentation of Financial Statements- Discontinued Operations*. Under that guidance, the results of operations of a component of an entity that either has been disposed of or is classified as held for sale shall be reported as discontinued operations if the entity will not have significant continuing involvement in the operations of the component after the disposal transaction and the operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal. The results of discontinued operations are presented net of tax, as a separate component in the condensed consolidated statements of operations. As of June 30, 2013, all significant remaining assets and liabilities associated with these held for sale businesses had been disposed of.

The table below illustrates the components of the loss from discontinued operations, net of tax, for the three and six months ended June 30, 2013 and 2012 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues	$ 514	$ 21,522	$ 4,757	$ 48,537
Pretax loss from discontinued operations before impairment charges	$ (2,569)	$ (2,684)	$ (3,468)	$ (6,974)
Impairment charges (1):				
Intangible assets	—	—	—	(226)
Goodwill	—	—	—	(2,281)
Other	—	—	—	(335)
Total impairment charges	—	—	—	(2,842)
Pretax loss from operations	(2,569)	(2,684)	(3,468)	(9,816)
Other income (expense) (2)	(31)	261	(31)	8,325
Income tax benefit (expense) on discontinued operations	962	(343)	1,295	(2,645)
Loss from discontinued operations, net of tax	$ (1,638)	$ (2,766)	$ (2,204)	$ (4,136)

(1) The Company recorded a $2.3 million impairment to goodwill, a $0.2 million impairment to intangible assets, and a $0.3 million impairment to other assets related to the revision in the fair value of the remaining net assets of our True Automation business unit, which was sold on May 2, 2012.

(2) On January 9, 2012, we completed the sale of our SoftPro business unit and recorded a pre-tax gain of $8.1 million.

(6) Restructuring

During 2012, management committed to a restructuring plan (the “Fourth Quarter 2012 Restructuring Plan”) in order to remove duplicate headcount, reduce future operating expenses, and improve operational performance and profitability. All payouts related to our Fourth Quarter 2012 Restructuring Plan are expected to be made by December 31, 2013.

The following table sets forth the Company's Fourth Quarter 2012 Restructuring Plan, exclusive of stock-based compensation charges, as of and for the six months ended June 30, 2013 (in millions):

4th Quarter 2012 Restructuring Plan	Other Accrued Liabilities December 31, 2012	Cash Paid	Other Accrued Liabilities June 30, 2013
Ongoing termination arrangement	$ 1.1	$ (0.4)	$ 0.7

(7) Long-Term Debt

Long-term debt as of June 30, 2013 and December 31, 2012 consists of the following (in thousands):

	June 30, 2013	December 31, 2012
Term Loan A, secured, interest payable at LIBOR plus 2.00% (2.19% at June 30, 2013) quarterly principal amortization, maturing August 2016	$ 468,125	$ 468,125
Revolving Loan, secured, interest payable at LIBOR plus 2.00% (Eurocurrency Borrowings) (2.19% at June 30, 2013), Fed-funds plus 2.00% (Swingline borrowings) (2.07% at June 30, 2013), or the highest of (a) Fed-funds plus 0.50%, (b) Prime or (c) LIBOR plus 1%, plus the Applicable Margin for Base Rate borrowings of 1.50% (Base Rate Borrowings) (2.07%, 4.75% or 2.69%, respectively, at June 30, 2013), maturing August 2016. Total of $398.1 million unused (net of outstanding letters of credit) as of June 30, 2013	—	—
Senior unsecured notes, issued at par, interest payable semiannually at 5.75%, due Oct. 2023	600,000	600,000
Total debt	1,068,125	1,068,125
Less current portion	(26,750)	—
Long-term debt, excluding current portion	$ 1,041,375	$ 1,068,125

Financing

On August 18, 2011, the Company entered into an Amended and Restated Credit Agreement (the "2011 Credit Agreement") with JPMorgan Chase Bank, N.A., as Administrative Agent, Swing Line Lender and Letters of Credit Issuer, and various other lenders who are parties to the 2011 Credit Agreement. On October 19, 2012, we entered into Amendment No. 1 (the "Amendment") to the 2011 Credit Agreement, which (i) gives us additional flexibility under the 2011 Credit Agreement with respect to charges incurred for accruals for litigation and regulatory matters, and (ii) extends the period with respect to which mandatory prepayments using excess cash flow must be made to the fiscal year ending December 31, 2013.

The 2011 Credit Agreement currently consists of: (i) a 5-year revolving credit facility in an aggregate principal amount outstanding at any time not to exceed $400 million (with a $25 million sub-facility for Letters of Credit); and (ii) a 5-year Term Loan A in an initial aggregate principal amount of $535 million.

The loans under the 2011 Credit Agreement bear interest at a floating rate, which is an applicable margin plus, at the Company's option, either (a) the Eurodollar (LIBOR) rate or (b) the highest of (i) the prime rate, (ii) the federal funds rate plus 0.50% and (iii) the one Month LIBOR rate plus 1.00% (the highest of clauses (i), (ii) and (iii), the "Base rate"). The annual margin on the Term Loan A and the revolving credit facility until the first business day following delivery of the compliance certificate relating to the first fiscal quarter ending following the closing and funding of the amended and restated facility was 2.25% in the case of LIBOR loans and 1.25% in the case of the Base rate loans, and after that time is a percentage determined in accordance with a leverage ratio-based pricing grid. As of June 30, 2013, we were paying an annual margin on the Term Loan A of 2.0%.

The 2011 Credit Agreement requires us to repay the outstanding principal amount of the Term Loan A in quarterly installments of $6.7 million beginning on December 31, 2011. These quarterly installment payments increase to $13.4 million beginning on December 31, 2013 and then to $20.1 million beginning on December 31, 2014 through March 31, 2016. All remaining outstanding principal amounts of the Term Loan A shall be repaid at the applicable maturity dates. As of June 30, 2013, we had prepaid approximately $20.1 million on the Term Loan A, which was paid in 2012.

In addition to scheduled principal payments, the Term Loan A is (with certain exceptions) subject to mandatory prepayment upon issuances of debt, casualty and condemnation events, and sales of assets, as well as from up to 50% of excess cash flow (as defined in the Credit Agreement) in excess of an agreed threshold commencing with the cash flow for the year ended December 31, 2013. Voluntary prepayments of the loan are generally permitted at any time without fee upon proper notice and subject to a minimum dollar requirement. Commitment reductions of the revolving credit facility are also permitted at any time without fee upon proper notice. The revolving credit facility has no scheduled principal payments, but it will be due and payable in full on August 18, 2016.

The Company is allowed to raise additional term loans and/or increase commitments under the Revolving Credit Facility in an aggregate principal amount of up to $250 million (the “Incremental Facilities”). The Incremental Facilities are subject to restrictions on pricing and tenor of any new term loan, pro-forma compliance with financial covenants, a pro-forma leverage ratio not to exceed 2.00:1.00, and other usual and customary conditions.

The obligations under the 2011 Credit Agreement are fully and unconditionally guaranteed, jointly and severally, by certain of our domestic subsidiaries. Additionally, the Company and such subsidiary guarantors pledged substantially all of our respective assets as collateral security for the obligations under the Credit Agreement and our respective guarantees.

The 2011 Credit Agreement contains 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 sale and leaseback transactions, limits on the payment of dividends and other restricted payments, a minimum interest coverage ratio and a maximum leverage ratio. Upon an event of default, the administrative agent can accelerate the maturity of the loan. Events of default include events customary for such an agreement, including failure to pay principal and interest in a timely manner, breach of covenants and a change of control of the Company. These events of default include a cross-default provision that permits the lenders to declare the 2011 Credit Agreement in default if (i) the Company fails to make any payment after the applicable grace period under any indebtedness with a principal amount in excess of $70 million or (ii) the Company fails to perform any other term under any such indebtedness, as a result of which the holders thereof may cause it to become due and payable prior to its maturity.

Senior Notes

On October 12, 2012, we issued $600 million aggregate principal amount of 5.75% Senior Notes due 2023 (the “2023 Notes”). The 2023 Notes have been registered under the Securities Act of 1933, as amended, carry an interest rate of 5.75% and will mature on April 15, 2023. Interest will be paid semi-annually on the 15th day of April and October beginning April 15, 2013. The 2023 Notes are our unsecured, unsubordinated obligations and are guaranteed on an unsecured basis by the same subsidiaries that guarantee our obligations under the 2011 Credit Agreement. The net proceeds of the offering, along with cash on hand, were used to purchase and redeem $362 million aggregate principal amount of our senior notes due 2016, to prepay in full the Term Loan B under the 2011 Credit Agreement and to pay fees and expenses in connection with these transactions.

The 2023 Notes were issued pursuant to an Indenture dated as of October 12, 2012, among the Company, the subsidiary guarantors and U.S. Bank National Association, as trustee (the “Indenture”). At any time and from time to time, prior to October 15, 2015, we may redeem up to a maximum of 35% of the original aggregate principal amount of the 2023 Notes with the proceeds of one or more equity offerings, at a redemption price equal to 105.750% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). Prior to October 15, 2017, the Company may redeem some or all of the 2023 Notes by paying a “make-whole” premium based on U.S. Treasury rates. On or after October 15, 2017, we may redeem some or all of the 2023 Notes at the redemption prices described in the Indenture, plus accrued and unpaid interest. In addition, if a change of control occurs, we are required to offer to purchase all outstanding 2023 Notes at a price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The Indenture contains covenants that, among other things, limit LPS’ ability and the ability of certain of LPS’ subsidiaries (a) to incur or guarantee additional indebtedness or issue preferred stock, (b) to make certain restricted payments, including dividends or distributions on equity interests held by persons other than LPS or certain subsidiaries, as further described below, (c) to create or incur certain liens, (d) to engage in sale and leaseback transactions, (e) to create restrictions that would prevent or limit the ability of certain subsidiaries to (i) pay dividends or other distributions to LPS or certain other subsidiaries, (ii) repay any debt or make any loans or advances to LPS or certain other subsidiaries or (iii) transfer any property or assets to LPS or certain other subsidiaries, (f) to sell or dispose of assets of LPS or any restricted subsidiary or enter into merger or consolidation transactions and (g) to engage in certain transactions with affiliates. These covenants are subject to a number of exceptions, limitations and qualifications in the Indenture.

LPS has no independent assets or operations and our subsidiaries' guarantees are full and unconditional and joint and several. There are no significant restrictions on the ability of LPS or any of the subsidiary guarantors to obtain funds from any of our subsidiaries other than National Title Insurance of New York, Inc. ("NTNY"), our title insurance underwriter subsidiary, by dividend or loan. NTNY is statutorily required to maintain investment assets backing its reserves for settling losses on the policies it issues, and its ability to pay dividends or make loans is limited by regulatory requirements. As of June 30, 2013 and December 31, 2012, NTNY had statutory capital and surplus of $46.0 million and $38.8 million, respectively, and it had the statutory ability to pay dividends to the Company of up to $14.9 million and $11.3 million, respectively.

The Indenture contains customary events of default, including failure of the Company (i) to pay principal and interest when due and payable and breach of certain other covenants and (ii) to make an offer to purchase and pay for 2023 Notes tendered as required by the Indenture. Events of default also include cross defaults, with respect to any other debt of the Company or debt of certain subsidiaries having an outstanding principal amount of $80.0 million or more in the aggregate for all such debt, arising from (i) failure to make a principal payment when due and such defaulted payment is not made, waived or extended within the applicable grace period or (ii) the occurrence of an event which results in such debt being due and payable prior to its scheduled maturity. Upon the occurrence of an event of default (other than a bankruptcy default with respect to the Company or certain subsidiaries), the trustee or holders of at least 25% of the 2023 Notes then outstanding may accelerate the 2023 Notes by giving us appropriate notice. If, however, a bankruptcy default occurs with respect to the Company or certain subsidiaries, then the principal of and accrued interest on the 2023 Notes then outstanding will accelerate immediately without any declaration or other act on the part of the trustee or any holder.

The amount of dividends the Company is able to declare and pay to its stockholders is restricted by certain covenants contained in the Indenture. Under the Indenture, we may not make certain restricted payments, including payments of dividends or distributions on our common stock, in excess of an amount generally equal to the sum of (i) 50% of consolidated net income generated since July 1, 2008, plus (ii) a $40 million annual exclusion, plus (iii) an additional aggregate $75 million exclusion over the life of the 2023 Notes. As a result of this restriction, as of June 30, 2013 and December 31, 2012, approximately $241 million and $221 million, respectively, of our consolidated retained earnings balance, which totaled $750 million and $694 million respectively, was available for the payment of dividends. Our Credit Agreement also contains a limit on the payment of dividends, the amount of which is significantly in excess of the amount available under the Indenture. Currently, under the terms of the Merger Agreement with FNF, we are prohibited from paying dividends other than our regular quarterly cash dividend of $0.10 per share without obtaining the prior written consent of FNF.

Fair Value of Long-Term Debt

The fair value of the Company's long-term debt at June 30, 2013 is estimated to be approximately 104% of its carrying value. We have estimated the fair value of our debt using Level 2 Inputs, based on values of recent quoted market prices on our term loans and values of recent trades on our 2023 Notes.

Interest Rate Swaps

On August 26, 2011, we entered into an interest rate swap to hedge forecasted monthly interest rate payments on $250 million of our floating rate debt, in which the bank pays a variable rate equal to 1 Month LIBOR (equal to 0.19% as of June 30, 2013) and the Company pays a fixed rate of 1.265%. The effective date of the swap is August 31, 2011 and the maturity date is July 31, 2016.

On August 4, 2010, we entered into an interest rate swap to hedge forecasted monthly interest rate payments on $75 million of our floating rate debt, in which the bank pays a variable rate equal to 1 Month LIBOR (equal to 0.19% as of June 30, 2013) and the Company pays a fixed rate of 2.080%. The effective date of the swap is December 31, 2012 and the maturity date is December 31, 2013.

We have entered into interest rate swap transactions in order to convert a portion of our interest rate exposure on our floating rate debt from variable to fixed. We have designated these interest rate swaps as cash flow hedges. A portion of the amount included in accumulated other comprehensive earnings (loss) will be reclassified into interest expense as a yield adjustment as interest payments are made on the Term Loan. The inputs used to determine the estimated fair value of our interest rate swaps are Level 2-type measurements. We have considered our own credit risk when determining the fair value of our interest rate swaps.

Estimated fair values of interest rate swaps in the condensed consolidated balance sheets were as follows (in millions):

Balance Sheet Account	June 30, 2013	December 31, 2012
Other accrued liabilities	$ 0.7	$ 1.4
Other long-term liabilities	$ 4.2	$ 7.2

A cumulative loss of $3.0 million and $5.3 million is reflected in accumulated other comprehensive loss as of June 30, 2013 and December 31, 2012, respectively. A summary of the effect of derivative instruments on amounts recognized in other comprehensive earnings (loss) ("OCE") and on the accompanying condensed consolidated statement of operations for the three and six months ended June 30, 2013 and 2012 is as follows (in millions):

	Amount of (Gain) Loss Recognized in OCE on Interest Rate Hedges		Amount of Loss Reclassified from Accumulated OCE into Earnings (included within interest expense)	
Interest Rate Swap contract	2013	2012	2013	2012
Three months ended June 30,	$ (1.7)	$ 3.8	$ 1.0	$ 1.0
Six months ended June 30,	$ (1.7)	$ 5.1	$ 2.0	$ 2.1

Approximately $1.9 million (net of tax) of the balance in accumulated other comprehensive loss as of June 30, 2013 is expected to be reclassified into interest expense over the next twelve months.

It is our policy to execute such instruments with credit-worthy banks and not to enter into derivative financial instruments for speculative purposes. As of June 30, 2013, we believe our interest rate swap counterparties will be able to fulfill their obligations under our agreements, and we believe we will have debt outstanding through the various expiration dates of the swaps such that the occurrence of future cash flow hedges remains probable.

(8) Commitments and Contingencies

We are involved in various pending and threatened litigation and regulatory matters related to our operations, some of which include claims for punitive or exemplary damages. Our ordinary course litigation includes purported class action lawsuits which make allegations related to various aspects of our operations. From time to time, we also receive requests for information from various state and federal regulatory authorities, some of which take the form of civil investigative demands or subpoenas. Some of these regulatory inquiries may result in the assessment of fines for violations of regulations or settlements with such authorities requiring a variety of remedies. We believe that no actions, other than those matters discussed below, depart from customary litigation or regulatory inquiry incidental to our business.

In accordance with applicable accounting guidance, we establish accruals for litigation and regulatory matters when those matters present loss contingencies that are both probable and reasonably estimable. Our accrual for legal and regulatory matters totaled $88.6 million and $223.1 million as of June 30, 2013 and December 31, 2012, respectively. The accrual, which was adjusted during the current quarter to reflect changes in the estimated costs to resolve certain of the matters described below, represents management's best estimate of future costs of settlement, damages and associated legal and professional fees with respect to matters that remain pending and assumes no third party recoveries. For the reasons described below, we are unable to estimate a range of loss for pending matters in excess of the amount accrued or for any potential losses related to any other reasonably possible claims. We continually evaluate the accrual for legal and regulatory matters as those matters progress.

Set forth below are descriptions of our material pending legal and regulatory proceedings. As background to the disclosure below, please note the following:

- These matters raise difficult and complicated factual and legal issues and are subject to many uncertainties and complexities.
- In the litigation matters, plaintiffs seek a variety of remedies including equitable relief in the form of injunctive and other remedies and monetary relief in the form of compensatory damages. In some cases, the monetary damages sought include punitive or treble damages. Unless otherwise specified, none of the cases described below includes a specific statement as to the dollar amount of damages demanded. Instead, each of the cases includes a demand in an amount to be proved at trial. Regulatory authorities also may seek a variety of remedies and in general do not make specific demands during the course of an investigation or inquiry.

Based on our current knowledge, we believe that the outcome of all pending or threatened legal and regulatory matters, including those described below, will not have a material adverse impact on our business operations, consolidated financial condition or liquidity. However, it is difficult to predict the final outcome of these matters due, among other things, to the early stage of certain of these matters and the fact that these matters raise difficult and complicated factual and legal issues and are subject to many uncertainties and complexities. As a result, there can be no assurance that we will not incur costs and expenses in the future in excess of the amount of our current accrual that would be material, including but not limited to settlements, damages, fines or penalties and legal costs, or be subject to other remedies, as a result of the matters described below or other legal or regulatory matters. Therefore, it is reasonably possible that the accrual for legal and regulatory matters will change and that the change could become material to the consolidated financial statements.

Litigation Matters

Securities Fraud Litigation

On January 28, 2013, the Company entered into a Stipulation and Agreement of Settlement (the "Settlement Agreement") resolving the securities class action litigation brought against us by St. Clair Shores General Employees' Retirement System. The Settlement Agreement contains a termination provision that the Company can exercise in the event that shareholders owning a sufficient number of shares elect to opt out of the settlement. We have recently received notice that an institutional investor has opted out of the settlement and filed a separate securities disclosure litigation complaint against us. The number of shares owned by such institutional investor during the class period is sufficient to trigger our right to terminate the settlement and we are currently evaluating whether to continue to go forward with the settlement. If we do choose to go forward, the settlement remains subject to the entry of a final order by the United States District Court for the Middle District of Florida. We intend to vigorously defend this matter.

Shareholder Derivative Litigation

On January 21, 2011, a shareholder derivative lawsuit entitled *Michael Wheatley, Derivatively on Behalf of Lender Processing Services, Inc. v. Jeffrey S. Carbiener, et al.*, was filed against the Company and certain of the Company's current and former officers and directors in the Circuit Court of the 4th Judicial Circuit, in and for Duval County, Florida. The complaint was filed by a shareholder of the Company, and seeks damages for alleged breaches of fiduciary duties and alleged mismanagement. The complaint alleges, among other things, that the Company failed to implement sufficient internal controls to prevent fraudulent activity in connection with its default management services; that the Company, in public filings and other statements, failed to disclose material information, including information regarding the Company's exposure to legal claims concerning allegedly improper foreclosure activity; and that the Company had an improper relationship with certain attorneys who provided services to the Company's clients. The complaint seeks an unspecified amount of damages, as well as other forms of relief. The parties agreed to a voluntary stay in this matter. On February 12, 2013, a shareholder derivative lawsuit entitled *Steven Hill, Derivatively on Behalf of Lender Processing Services, Inc. v. Lee A. Kennedy, et al.*, was filed against the Company and certain of the Company's current and former officers and directors in the Court of Chancery of the State of Delaware. The complaint was filed by a shareholder of the Company, and alleges breaches of fiduciary duties based on the same alleged conduct as in the *Wheatley* case, as well as other allegations related to the Company's handling of foreclosure documentation and use of an attorney network. The complaint names certain defendants also named in the *Wheatley* complaint, as well as Lorraine Brown, who had been President of DocX, a former subsidiary of the Company. The complaint seeks an unspecified amount of damages, as well as other forms of relief. The Company intends to vigorously defend these matters.

Merger Litigation

On May 31, 2013, the plaintiff in *Wheatley* amended its complaint to further allege that the directors of the Company breached their fiduciary duties of care and loyalty to the shareholders of the Company by voting in favor of the Company entering into an Agreement and Plan of Merger (the "Merger Agreement") dated May 28, 2013 with Fidelity National Financial, Inc. ("FNF") and Lion Merger Sub, Inc., a subsidiary of FNF ("Merger Subsidiary"), pursuant to which Merger Subsidiary will be merged with and into the Company, with the Company surviving as a subsidiary of FNF (the "Proposed Merger"). The new claims allege that the directors of the Company breached their fiduciary obligations by (i) failing to adequately value the Company, (ii) preventing a competitive bidding process for the Company, and (iii) ignoring conflicts of interest stemming from the directors' interrelationships or connections with the Proposed Merger. The complaint also alleges that FNF and Thomas H. Lee Partners LP aided and abetted the directors' breach of their fiduciary obligations. The new counts in the *Wheatley* complaint seek to preliminarily and permanently enjoin the parties from proceeding with and consummating the Proposed Merger or, in the event the Proposed Merger is consummated, to rescind or set it aside and/or award the plaintiff class an unspecified amount of rescissory or compensatory damages. On June 3, 2013, an individual plaintiff, on behalf of herself and other similarly situated plaintiffs, filed a complaint titled *Pruitt v. Lender Processing Services, et al,* in the Court of Chancery of the State of Delaware against the Company, its directors, FNF and Merger Subsidiary alleging that the directors of the Company breached their fiduciary duties in connection with the Proposed Merger based on the same conduct alleged in the new counts of the *Wheatley* case. *Pruitt* also alleges that the Company, FNF and Merger Subsidiary aided and abetted such misconduct. On June 4, 2013, the Orlando Police Pension Fund, on behalf of itself and other similarly situated plaintiffs, filed a complaint in the Circuit Court of the Fourth Judicial Circuit in and for Duval County, Florida against the Company, its directors, FNF and Merger Subsidiary. The *Orlando Police Pension Fund v. Lender Processing Services, Inc.* case alleges that the directors of the Company engaged in conduct similar to that alleged in *Pruitt*, and thereby breached their fiduciary duties in connection with the Proposed Merger. The complaint also alleges that the Company, FNF and Merger Subsidiary aided and abetted such misconduct. The complaint in each of *Pruitt* and *Orlando Police Pension Fund* seeks to preliminarily and permanently enjoin the parties from proceeding with and consummating the Proposed Merger or, in the event the Merger is consummated, to rescind or set it aside and/or award the plaintiff class an unspecified amount of rescissory or compensatory damages. The Company intends to vigorously defend these matters.

Washington Mutual Receivership Proceedings

The Federal Deposit Insurance Corporation ("FDIC"), in its capacity as Receiver for Washington Mutual Bank ("WAMU"), filed a complaint against the Company and certain of its subsidiaries on May 9, 2011 in the U.S. District Court for the Central District of California to recover alleged losses of approximately $154.5 million. The FDIC contends these losses were a direct and proximate result of the defendants' alleged breach of contract with WAMU with respect to the provision of certain services by the Company's subsidiary LSI Appraisal LLC, an appraisal management company. In particular, the FDIC claims that the services provided failed to conform to federal and state law, regulatory guidelines and other industry standards, including specifically the provisions of the Uniform Standards of Professional Appraisal Practice ("USPAP"). The Company believes that the services it provided satisfied the terms and conditions of its contract with WAMU. The Company intends to vigorously defend this matter. We have increased our legal accrual as of June 30, 2013 to reflect the additional costs expected to litigate this matter to conclusion.

Regulatory Matters

Nevada Attorney General

On December 15, 2011, the Nevada Attorney General filed a civil complaint in the District Court for Clark County alleging that certain document execution practices and administrative services provided to attorneys violated the Nevada Unfair and Deceptive Trade Practices Act. The complaint seeks an unspecified amount of damages. The Company intends to vigorously defend this matter. We have increased our legal accrual as of June 30, 2013 to reflect the additional costs expected to litigate this matter to conclusion.

Consent Order

Following a review by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision (collectively, the "banking agencies"), we entered into a consent order (the "Order") dated April 13, 2011 with the banking agencies. The banking agencies' review of our services included the services provided by our default operations to mortgage servicers regulated by the banking agencies, including document execution services. The Order does not make any findings of fact or conclusions of wrongdoing, nor does LPS admit any fault or liability. Under the Order, we agreed to further study the issues identified in the review and to enhance our compliance, internal audit, risk management and board oversight plans with respect to those businesses. We also agreed to engage an independent third party to conduct a risk assessment and review of our default management businesses and the document execution services we provided to servicers from January 1, 2008 through December 31, 2010. The document execution review by the independent third party is likely to continue to take longer than we originally anticipated. We have increased our legal accrual as of June 30, 2013 to reflect the additional fees and costs we expect the independent third party will charge us to complete the review. To the extent such review, once completed, requires additional remediation of mortgage documents or identifies any financial injury from the document execution services we provided, we have agreed to implement an appropriate plan to address the issues. The Order contains various deadlines by which we have agreed to accomplish the undertakings set forth therein, including the preparation of a remediation plan following the completion of the document execution review. We have also agreed to make periodic reports to the banking agencies on our progress with respect to each of the undertakings in the Order. The Order does not include any fine or other monetary penalty, although the banking agencies have not yet concluded their assessment of whether any civil monetary penalties may be imposed.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements other than operating leases and the escrow arrangements described below and in our 2012 Annual Report on Form 10-K filed on February 25, 2013.

Escrow Arrangements

In conducting our title agency and closing services, we routinely hold customers' assets in escrow accounts, pending completion of real estate related transactions. Certain of these amounts are maintained in segregated accounts, and these amounts have not been included in the accompanying condensed consolidated balance sheets. As an incentive for holding deposits at certain banks, we periodically have programs for realizing economic benefits through favorable arrangements with these banks. As of June 30, 2013, the aggregate value of all amounts held in escrow in our title agency and closing services operations totaled $241.3 million.

(9) Stock Award Plans

Restricted Stock

On May 1, 2013, the Company granted approximately 0.9 million shares of restricted stock with a grant date fair value of $26.93 per share. Generally, these restricted shares are subject to both a service and performance-based vesting condition. If the performance objective is not achieved, the restricted stock is subject to automatic forfeiture to the Company for no consideration. Dividends on the unvested restricted stock are accrued until the vest date, at which time they are paid in full to the participants. Additionally, all executive officers of the Company who were granted restricted stock in connection with this grant are required to hold a portion of their vested shares for the longer of 12 months following vesting or until applicable stock ownership requirements are met.

As of June 30, 2013, approximately 1.8 million shares of restricted stock awards were outstanding.

(10) Segment Information

Summarized unaudited financial information concerning our segments is shown in the following tables.

As of and for the three months ended June 30, 2013 (in thousands):

	Technology, Data and Analytics	Transaction Services	Corporate and Other	Total
Revenues	$ 194,000	$ 274,860	$ 20	$ 468,880
Operating expenses (1)	113,499	218,927	11,415	343,841
Depreciation and amortization	20,880	4,842	930	26,652
Legal and regulatory charges	—	—	47,641	47,641
Exit costs, impairments and other charges	115	575	4,936	5,626
Operating income (loss)	59,506	50,516	(64,902)	45,120
Total other income (expense)	472	857	(13,565)	(12,236)
Earnings (loss) from continuing operations before income taxes	$ 59,978	$ 51,373	$ (78,467)	$ 32,884
Balance sheet data:				
Total assets (2)	$1,302,754	$ 722,590	$313,233	$2,338,577
Goodwill (2)	$ 724,833	$ 384,471	$ —	$1,109,304

As of and for the three months ended June 30, 2012 (in thousands):

	Technology, Data and Analytics	Transaction Services	Corporate and Other	Total
Revenues	$ 183,282	$ 330,359	$ (264)	$ 513,377
Operating expenses (1)	109,282	249,348	10,883	369,513
Depreciation and amortization	17,997	4,408	1,048	23,453
Legal and regulatory charges	—	—	144,476	144,476
Operating income (loss)	56,003	76,603	(156,671)	(24,065)
Total other income (expense)	373	604	(16,904)	(15,927)
Earnings (loss) from continuing operations before income taxes	$ 56,376	$ 77,207	$(173,575)	$ (39,992)
Balance sheet data:				
Total assets (2)	$1,224,561	$ 751,864	$ 339,569	$2,315,994
Goodwill (2)	$ 742,367	$ 377,071	$ —	$1,119,438

As of and for the six months ended June 30, 2013 (in thousands):

	Technology, Data and Analytics	Transaction Services	Corporate and Other	Total
Revenues	$ 387,630	$ 552,846	$ 65	$940,541
Operating expenses (1)	226,593	441,536	21,871	690,000
Depreciation and amortization	41,212	9,702	1,812	52,726
Legal and regulatory charges	—	—	51,566	51,566
Exit costs, impairments and other charges	115	575	1,011	1,701
Operating income (loss)	119,710	101,033	(76,195)	144,548
Total other income (expense)	865	1,696	(27,723)	(25,162)
Earnings (loss) from continuing operations before income taxes	$ 120,575	$ 102,729	$(103,918)	$119,386

As of and for the six months ended June 30, 2012 (in thousands):

	Technology, Data and Analytics	Transaction Services	Corporate and Other	Total
Revenues	$ 358,599	$ 642,570	$ (1,998)	$999,171
Operating expenses (1)	213,978	504,909	19,300	738,187
Depreciation and amortization	36,543	8,808	2,016	47,367
Legal and regulatory charges	—	—	144,476	144,476
Operating income (loss)	108,078	128,853	(167,790)	69,141
Total other income (expense)	768	1,254	(33,818)	(31,796)
Earnings (loss) from continuing operations before income taxes	$ 108,846	$ 130,107	$(201,608)	$ 37,345

(1) Operating expenses within the "Corporate and Other" segment are attributable to unallocated general and administrative expenses, which the Company believes are immaterial.

(2) Includes the impact of discontinued operations.

(11) Condensed Consolidating Financial Information

As explained in note 7, on August 18, 2011, LPS (the "Parent Company") entered into an Amendment, Restatement and Joinder Agreement (the "Amendment Agreement") in respect of the Credit Agreement dated as of July 2, 2008 (the "2008 Credit Agreement"). The 2011 Credit Agreement and the Notes are fully and unconditionally guaranteed, jointly and severally, by the majority of the subsidiaries of the Parent Company (the "Subsidiary Guarantors"). Certain other subsidiaries (the "Other Subsidiaries") are not guarantors of the 2011 Credit Agreement and the Notes. The guarantees of the Notes by the Subsidiary Guarantors are general unsecured obligations of the Subsidiary Guarantors, and accordingly are senior to any of their existing and future subordinated debt obligations, equal in right of payment with any of their existing and future senior unsecured indebtedness and effectively subordinated to any of their existing and future secured indebtedness to the extent of the assets securing such debt (including the Subsidiary Guarantors' obligations under the 2011 Credit Agreement).

The Parent Company conducts virtually all of its business operations through its Subsidiary Guarantors and Other Subsidiaries, all of which are 100% owned subsidiaries of the Company. Accordingly, the Parent Company's main sources of internally generated cash are dividends and distributions with respect to its ownership interests in the subsidiaries, which are derived from the cash flow generated by the subsidiaries.

As of June 30, 2013, the Parent Company has no independent assets or operations, and our subsidiaries' guarantees are full and unconditional and joint and several. There are no significant restrictions on the ability of LPS or any of the Subsidiary Guarantors to obtain funds from any of our subsidiaries other than National Title Insurance of New York, Inc., our title insurance underwriter subsidiary, by dividend or loan. As discussed in note 4, NTNY is statutorily required to maintain investment assets backing its reserves for settling losses on the policies it issues, and its ability to pay dividends or make loans is limited by regulatory requirements. NTNY, which is not a Subsidiary Guarantor, was more than a minor subsidiary as of and during the three and six month periods ended June 30, 2013 and 2012.

The following tables set forth, on a condensed consolidating basis, the balance sheets and statements of comprehensive earnings (loss) and cash flows for the Parent Company, the Subsidiary Guarantors and Other Subsidiaries as of and for the three and six months ended June 30, 2013 and June 30, 2012, respectively.

The following table represents our condensed consolidating balance sheet as of June 30, 2013 (in thousands):

	Parent Company	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Assets:					
Current assets	$ 1,871	$ 510,153	$ 32,937	$ —	$ 544,961
Investment in subsidiaries	1,636,761	—	—	(1,636,761)	—
Non-current assets	19,039	1,691,947	82,630	—	1,793,616
Total assets	$1,657,671	$2,202,100	$ 115,567	$(1,636,761)	$2,338,577
Liabilities and equity:					
Current liabilities	$ 21,572	$ 359,843	$ 54,742	$ —	$ 436,157
Total liabilities	1,047,127	630,265	50,641	—	1,728,033
Total equity	610,544	1,571,835	64,926	(1,636,761)	610,544
Total liabilities and equity	$1,657,671	$2,202,100	$ 115,567	$(1,636,761)	$2,338,577

The following table represents our condensed consolidating statement of comprehensive earnings (loss) for the three months ended June 30, 2013 (in thousands):

	Parent Company (1)	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Revenues	$ —	$ 398,173	$ 70,707	$ —	$ 468,880
Total operating expenses	7,124	350,277	66,359	—	423,760
Operating income (loss)	(7,124)	47,896	4,348	—	45,120
Total other income (expense)	(13,083)	313	534	—	(12,236)
Earnings (loss) from continuing operations before income taxes and equity in earnings of consolidated entities	(20,207)	48,209	4,882	—	32,884
Provision (benefit) for income taxes	(7,476)	17,831	1,807	—	12,162
Earnings (loss) from continuing operations before equity in earnings of consolidated entities	(12,731)	30,378	3,075	—	20,722
Equity in earnings of consolidated entities, net of tax	31,815	—	—	(31,815)	—
Earnings from continuing operations	19,084	30,378	3,075	(31,815)	20,722
Loss from discontinued operations, net of tax	—	(1,638)	—	—	(1,638)
Net earnings	19,084	28,740	3,075	(31,815)	19,084
Total other comprehensive earnings (loss)	1,695	—	(1,938)	—	(243)
Comprehensive earnings	$ 20,779	$ 28,740	$ 1,137	$ (31,815)	$ 18,841

The following table represents our condensed consolidating statement of comprehensive earnings (loss) for the six months ended June 30, 2013 (in thousands):

	Parent Company (1)	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Revenues	$ —	$ 792,151	$ 148,390	$ —	$ 940,541
Total operating expenses	13,653	645,928	136,412	—	795,993
Operating income (loss)	(13,653)	146,223	11,978	—	144,548
Total other income (expense)	(26,597)	523	912	—	(25,162)
Earnings (loss) from continuing operations before income taxes and equity in earnings of consolidated entities	(40,250)	146,746	12,890	—	119,386
Provision (benefit) for income taxes	(14,893)	54,292	4,769	—	44,168
Earnings (loss) from continuing operations before equity in earnings of consolidated entities	(25,357)	92,454	8,121	—	75,218
Equity in earnings of consolidated entities, net of tax	98,371	—	—	(98,371)	—
Earnings from continuing operations	73,014	92,454	8,121	(98,371)	75,218
Loss from discontinued operations, net of tax	—	(2,204)	—	—	(2,204)
Net earnings	73,014	90,250	8,121	(98,371)	73,014
Total other comprehensive earnings (loss)	2,285	—	(2,189)	—	96
Comprehensive earnings	$ 75,299	$ 90,250	$ 5,932	$ (98,371)	$ 73,110

The following table represents our condensed consolidating statement of cash flows for the six months ended June 30, 2013 (in thousands):

	Parent Company	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Net earnings	$ 73,014	$ 90,250	$ 8,121	$ (98,371)	$ 73,014
Adjustment to reconcile net earnings to net cash provided by (used in) operating activities:					
Non-cash expenses and other items	(77,324)	106,708	37	98,371	127,792
Changes in assets and liabilities, net of effects from acquisitions	(17,623)	(177,321)	614	—	(194,330)
Net cash provided by (used in) operating activities	(21,933)	19,637	8,772	—	6,476
Net cash used in investing activities	—	(70,923)	(10,036)	—	(80,959)
Net cash used in financing activities	(18,316)	(952)	—	—	(19,268)
Net decrease in cash and cash equivalents	$(40,249)	$ (52,238)	$ (1,264)	$ —	(93,751)
Cash and cash equivalents, beginning of period					236,241
Cash and cash equivalents, end of period					$ 142,490

The following table represents our condensed consolidating balance sheet as of December 31, 2012 (in thousands):

	Parent Company	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Assets:					
Current assets	$ 3,371	$ 650,978	$ 29,758	$ —	$ 684,107
Investment in subsidiaries	1,579,697	—	—	(1,579,697)	—
Non-current assets	21,131	1,662,882	77,714	—	1,761,727
Total assets	$1,604,199	$2,313,860	$ 107,472	$(1,579,697)	$2,445,834
Liabilities and equity:					
Current liabilities	$ 9,532	$ 539,031	$ 49,797	$ —	$ 598,360
Total liabilities	1,061,303	794,713	46,922	—	1,902,938
Total equity	542,896	1,519,147	60,550	(1,579,697)	542,896
Total liabilities and equity	$1,604,199	$2,313,860	$ 107,472	$(1,579,697)	$2,445,834

The following table represents our condensed consolidating statement of comprehensive earnings (loss) for the three months ended June 30, 2012 (in thousands):

	Parent Company (1)	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Revenues	$ —	$ 431,053	$ 82,324	$ —	$ 513,377
Total operating expenses	7,091	451,504	78,847	—	537,442
Operating income (loss)	(7,091)	(20,451)	3,477	—	(24,065)
Total other income (expense)	(16,455)	83	445	—	(15,927)
Earnings (loss) from continuing operations before income taxes and equity in earnings of consolidated entities	(23,546)	(20,368)	3,922	—	(39,992)
Provision (benefit) for income taxes	(8,783)	2,442	1,463	—	(4,878)
Earnings (loss) from continuing operations before equity in earnings of consolidated entities	(14,763)	(22,810)	2,459	—	(35,114)
Equity in earnings of consolidated entities, net of tax	(23,117)	—	—	23,117	—
Earnings (loss) from continuing operations	(37,880)	(22,810)	2,459	23,117	(35,114)
Loss from discontinued operations, net of tax	—	(2,766)	—	—	(2,766)
Net earnings (loss)	(37,880)	(25,576)	2,459	23,117	(37,880)
Total other comprehensive earnings (loss)	(1,696)	—	1,044	—	(652)
Comprehensive earnings (loss)	$ (39,576)	$ (25,576)	$ 3,503	$ 23,117	$ (38,532)

The following table represents our condensed consolidating statement of comprehensive earnings (loss) for the six months ended June 30, 2012 (in thousands):

	Parent Company (1)	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Revenues	$ —	$ 840,826	$ 158,345	$ —	$ 999,171
Total operating expenses	12,348	765,616	152,066	—	930,030
Operating income (loss)	(12,348)	75,210	6,279	—	69,141
Total other income (expense)	(32,857)	108	953	—	(31,796)
Earnings (loss) from continuing operations before income taxes and equity in earnings of consolidated entities	(45,205)	75,318	7,232	—	37,345
Provision (benefit) for income taxes	(16,862)	38,133	2,697	—	23,968
Earnings (loss) from continuing operations before equity in earnings of consolidated entities	(28,343)	37,185	4,535	—	13,377
Equity in earnings of consolidated entities, net of tax	37,584	—	—	(37,584)	—
Earnings from continuing operations	9,241	37,185	4,535	(37,584)	13,377
Loss from discontinued operations, net of tax	—	(4,136)	—	—	(4,136)
Net earnings	9,241	33,049	4,535	(37,584)	9,241
Total other comprehensive earnings (loss)	(1,830)	—	920	—	(910)
Comprehensive earnings	$ 7,411	$ 33,049	$ 5,455	$ (37,584)	$ 8,331

The following table represents our condensed consolidating statement of cash flows for the six months ended June 30, 2012 (in thousands):

	Parent Company	Subsidiary Guarantors	Other Subsidiaries	Consolidating Adjustments	Total Consolidated Amounts
Cash flows from operating activities:					
Net earnings	$ 9,241	$ 33,049	$ 4,535	$ (37,584)	$ 9,241
Adjustment to reconcile net earnings to net cash provided by (used in) operating activities:					
Non-cash expenses and other items	(23,283)	30,013	140	37,584	44,454
Changes in assets and liabilities, net of effects from acquisitions	(12,403)	171,226	5,368	—	164,191
Net cash provided by (used in) operating activities	(26,445)	234,288	10,043	—	217,886
Net cash provided by (used in) investing activities	18,706	(72,583)	(8,735)	—	(62,612)
Net cash used in financing activities	(92,138)	(2,000)	—	—	(94,138)
Net increase (decrease) in cash and cash equivalents	$(99,877)	$ 159,705	$ 1,308	$ —	61,136
Cash and cash equivalents, beginning of period					77,355
Cash and cash equivalents, end of period					$ 138,491

(1) The Parent Company does not allocate corporate overhead to the Subsidiary Guarantors or Other Subsidiaries.

(12) Subsequent Events

Subsequent events have been evaluated through the date on which the financial statements were filed.

Dividend Declared

On July 18, 2013, the Board of Directors declared a regular quarterly dividend of $0.10 per common share payable September 12, 2013 to stockholders of record as of the close of business on August 29, 2013.

Exhibit 99.5

Lender Processing Services, Inc.

Third Quarter 2013 Operating Results

The following are condensed consolidated financial and operational results for Lender Processing Services, Inc. for the three-month and nine-month periods ended September 30, 2013 and 2012:

LENDER PROCESSING SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands, except per share data)			
Revenues	$418,981	$497,451	$1,359,522	$1,496,622
Expenses:				
Operating expenses	316,923	361,351	1,006,923	1,099,538
Depreciation and amortization	25,870	24,241	78,596	71,608
Legal and regulatory charges	2,445	—	54,011	144,476
Exit costs, impairments and other charges	10,334	—	12,035	—
Total expenses	355,572	385,592	1,151,565	1,315,622
Operating income	63,409	111,859	207,957	181,000
Other income (expense):				
Interest income	554	463	1,698	1,365
Interest expense	(13,014)	(16,112)	(39,611)	(48,969)
Other income (expense), net	(79)	14	212	173
Total other income (expense)	(12,539)	(15,635)	(37,701)	(47,431)
Earnings from continuing operations before income taxes	50,870	96,224	170,256	133,569
Provision for income taxes	15,421	35,892	59,589	59,860
Net earnings from continuing operations	35,449	60,332	110,667	73,709
Earnings (loss) from discontinued operations, net of tax	31	(2,028)	(2,173)	(6,164)
Net earnings	$ 35,480	$ 58,304	$ 108,494	$ 67,545
Net earnings per share – diluted from continuing operations	$ 0.41	$ 0.71	$ 1.29	$ 0.87
Net loss per share – diluted from discontinued operations	—	(0.02)	(0.02)	(0.07)
Net earnings per share – diluted	$ 0.41	$ 0.69	$ 1.27	$ 0.80
Weighted average shares outstanding – diluted	85,984	84,948	85,569	84,774

LENDER PROCESSING SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

	September 30, 2013	December 31, 2012
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	$ 203,207	$ 236,241
Trade receivables, net of allowance for doubtful accounts	233,322	274,783
Other receivables	6,344	3,800
Prepaid expenses and other current assets	37,216	41,541
Deferred income taxes	88,090	127,742
Total current assets	568,179	684,107
Property and equipment, net	121,542	126,633
Computer software, net	272,714	245,271
Other intangible assets, net	18,978	23,670
Goodwill	1,109,304	1,109,304
Other non-current assets	281,808	256,849
Total assets	$ 2,372,525	$ 2,445,834
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 40,125	$ —
Trade accounts payable	39,658	38,901
Accrued salaries and benefits	72,848	107,984
Legal and regulatory accrual	86,563	223,149
Other accrued liabilities	152,766	169,458
Deferred revenues	58,270	58,868
Total current liabilities	450,230	598,360
Deferred revenues	27,382	24,987
Deferred income taxes, net	189,825	174,303
Long-term debt, net of current portion	1,028,000	1,068,125
Other non-current liabilities	32,909	37,163
Total liabilities	1,728,346	1,902,938
Stockholders' equity:		
Preferred stock $0.0001 par value; 50 million shares authorized, none issued at September 30, 2013 and December 31, 2012	—	—
Common stock $0.0001 par value; 500 million shares authorized, 97.4 million shares issued at September 30, 2013 and December 31, 2012	10	10
Additional paid-in capital	249,145	250,016
Retained earnings	776,654	694,148
Accumulated other comprehensive loss	(3,106)	(3,079)
Treasury stock at cost; 12.1 million and 12.5 million shares at September 30, 2013 and December 31, 2012, respectively	(378,524)	(398,199)
Total stockholders' equity	644,179	542,896
Total liabilities and stockholders' equity	$ 2,372,525	$ 2,445,834

LENDER PROCESSING SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended September 30, 2013	2012
	(In thousands)	
Cash flows from operating activities:		
Net earnings	$ 108,494	$ 67,545
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	78,580	73,407
Amortization of debt issuance costs	3,141	3,317
Asset impairment charges	785	3,812
Gain on sale of discontinued operations	—	(6,688)
Deferred income taxes, net	54,630	776
Stock-based compensation cost	20,777	19,520
Income tax effect of equity compensation	(917)	(494)
Changes in assets and liabilities, net of effects of acquisitions:		
Trade receivables	41,304	27,543
Other receivables	(2,544)	(1,748)
Prepaid expenses and other assets	(11,162)	(18,512)
Deferred revenues	1,798	10,605
Accounts payable, accrued liabilities and other liabilities	(187,281)	124,487
Net cash provided by operating activities	107,605	303,570
Cash flows from investing activities:		
Additions to property and equipment	(20,208)	(16,109)
Additions to capitalized software	(65,909)	(56,088)
Purchases of investments, net of proceeds from sales	(8,094)	(17,604)
Acquisition of title plants and property records data	(18,484)	(33,600)
Acquisitions, net of cash acquired	—	(12,250)
Proceeds from sales of discontinued operations, net of cash distributed	—	16,206
Net cash used in investing activities	(112,695)	(119,445)
Cash flows from financing activities:		
Debt service payments	—	(72,082)
Exercise of stock options and restricted stock vesting	(2,186)	(1,792)
Income tax effect of equity compensation	917	494
Dividends paid	(25,723)	(25,384)
Payment of contingent consideration related to acquisitions	(952)	(2,000)
Net cash used in financing activities	(27,944)	(100,764)
Net (decrease) increase in cash and cash equivalents	(33,034)	83,361
Cash and cash equivalents, beginning of period	236,241	77,355
Cash and cash equivalents, end of period	$ 203,207	$ 160,716
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 30,398	$ 54,774
Cash paid for taxes	$ 6,956	$ 46,853

Certain Additional Information Relating to Lender Processing Services, Inc.

The following are certain risks relating to the business of Lender Processing Services, Inc. (“LPS”). Any of the risks described herein could result in a significant adverse effect on LPS’ results of operations and financial condition.

The strength of the economy and the housing market affect demand for certain of our services.

Due to the centralized nature of our origination services title and closing operations, our origination services are typically utilized in connection with refinancing transactions. The Mortgage Bankers Association (“MBA”) estimates that the level of U.S. mortgage originations, by dollar volume, was $1.7 trillion, $1.4 trillion and $1.6 trillion in 2012, 2011 and 2010, respectively, with refinancing transactions comprising approximately 70%, 65% and 70%, respectively, of the total market in those years. The substantial refinancing activity in the last few years has been driven by a historically low interest rate environment, as well as various governmental programs aimed at providing refinancing opportunities to borrowers who may not otherwise have been able to qualify to refinance their loans. In 2013, the MBA projects that mortgage originations will decrease to $1.4 trillion, with refinancing volumes representing less than 60% of total volume, with a decrease in dollar terms from 2012 of approximately 34%. Actual mortgage origination levels have varied significantly from MBA projections in prior years. As such, in our planning process, we also consider other sources in our origination services revenue projections, which project declines in refinancing originations in 2013 ranging from 2% to 31% as compared to 2012. We believe the decrease in refinancing projections for 2013 is due to, among other things, current real estate prices, the potential for rising interest rates and tightened loan requirements, such as higher credit score and down payment requirements and additional fees. In the event of an increase in interest rates or any other factor that would likely lead to a decrease in the level of origination transactions, and the level of refinancing transactions in particular, the results of our origination services operations would be adversely affected. Further, in the event that adverse economic conditions or other factors lead to a decline in levels of home ownership and a reduction in the aggregate number of U.S. mortgage loans outstanding, our revenues from servicing technology could be adversely affected.

In contrast, a weaker economy and housing market tend to increase the volume of consumer mortgage defaults, which can favorably affect our default services operations, in which we service residential mortgage loans in default. It can also increase revenues from our Desktop solution, which is primarily used in connection with default management. As a result, our default services have historically provided a natural hedge against the volatility of the real estate origination business and its resulting impact on our origination services. However, various pieces of government legislation aimed at mitigating the current downturn in the housing market and lenders’ efforts to comply with the requirements of that legislation and the requirements of consent orders entered into by a number of large lenders during 2011 have delayed foreclosure starts and slowed the pace at which foreclosures are processed, which has adversely affected the results of our default services operations. See “Risk Factors-Participants in the mortgage industry are under increased scrutiny, and efforts by the government to reform the mortgage industry or address the troubled mortgage market and the current economic environment could affect us.” We continue to believe the size of the default services market should be significant in future years due to the substantial inventory of delinquent loans and loans in foreclosure, which should have a positive effect on our default revenues and the revenues from our Desktop solution. However, it is difficult to predict when or the speed at which these loans will make their way through the foreclosure process. If the foreclosure process continues to experience significant delays, our results of operations could be adversely affected.

Our results of operations may be affected by the nature of our relationships with our largest customers or by our customers’ relationships with the government-sponsored enterprises.

We operate in a consolidated industry and as a result, a small number of customers have accounted for a significant portion of our revenues. We expect that a limited number of customers will continue to represent a significant portion of our revenues for the foreseeable future. In 2012, our largest customer, Wells Fargo, accounted for approximately 21.2% of our consolidated revenue, and our second largest customer, JPMorgan Chase, accounted for approximately 15.4% of our consolidated revenue. Wells Fargo accounted for approximately 11.4% of the revenue from our Technology, Data and Analytics segment and approximately 26.8% of the revenue from our Transaction Services segment in 2012, and JPMorgan Chase accounted for approximately 17.8% of the revenue from our Technology, Data and Analytics segment and approximately 14.1% of the revenue from our Transaction Services segment in 2012. Our five largest customers accounted for approximately 53.0% of our consolidated revenue and approximately 41.6% and 59.5% of the revenue of our Technology, Data and Analytics and Transaction Services segments, respectively. The revenues of our five largest customers are spread across a range of services, and we protect ourselves by utilizing separate contracts for different services. However, our relationships with these and other large customers are important to our future operating results, and deterioration in any of those relationships could significantly reduce our revenues. In addition, by virtue of their significant relationships with us, these customers may be able to exert pressure on us with respect to the pricing of our services.

Our customers also have significant relationships with Fannie Mae and Freddie Mac, which are government-sponsored enterprises ("GSE") tasked with working with financial institutions to provide liquidity to the mortgage market. They do this by purchasing loans from the lenders either for cash or in exchange for a mortgage-backed security that comprises those loans and that, for a fee, carries the GSE's guarantee of timely payment of interest and principal. Because our customers service the loans owned by the GSEs, we provide services on many of those loans. As a result of these relationships, the GSEs have been able to implement changes to our pricing structure on certain services we provide related to default and foreclosure servicing. The GSEs or other governmental agencies may be able to exert similar pressure on the pricing of our services in the future, which could have a negative impact on our results of operations.

Participants in the mortgage industry are under intense scrutiny, and efforts by the government to reform the mortgage industry or address the troubled mortgage market and the current economic environment could affect us.

Since the beginning of the housing crisis, the mortgage industry has been under intense scrutiny by governmental authorities, judges and the news media, among others. This scrutiny has included federal and state governmental review of all aspects of the mortgage lending business, and several actions to aid the housing market and the economy in general, and to implement more rigorous standards around mortgage servicing, with particular focus on loans that are in default.

Several pieces of legislation have been enacted to address the struggling mortgage market, including the Home Affordable Refinance Program ("HARP"), a program designed to assist homeowners with an existing mortgage owned by Fannie Mae or Freddie Mac to refinance their mortgages at the current lower interest rates and obtain other refinancing benefits. On October 24, 2011, the Federal Housing Finance Agency announced a series of changes to HARP that made it easier for certain borrowers who owe more than their home is worth and who are current on their mortgage payments to obtain refinancing. While the HARP program has increased volume through our centralized settlement services operations since its inception, we are uncertain as to what degree the modified HARP program may affect our results of operations in the future.

The Home Affordable Modification Program ("HAMP") provides mortgage loan servicers with a set of standardized qualification guidelines for loan modifications aimed at reducing borrower monthly payments to affordable levels. Through December 2012, the U.S. Treasury Department estimates that banks had worked through most of the approximately 2.2 million loans currently eligible for HAMP, and offered 2.0 million trial modifications. Of those, approximately 1.1 million became permanent. While we believe that HAMP has had an adverse effect on the processing of delinquent loans and may continue to have a negative effect in the future as additional mortgages become eligible under the program's current criteria or if those criteria are broadened, the pace of modifications has slowed from 2010 indicating a lessened impact going forward. However, we cannot predict the ultimate impact that the government's initiatives under HAMP or other foreclosure relief and loan modification initiatives may have, or whether the government may take additional action to address the current housing market.

New national servicing standards have been implemented that, among other things, require very specific loan modification procedures are followed and offered to the borrower before any foreclosure proceeding can be implemented. These standards have further reduced the number of loans entering the foreclosure process and have negatively impacted our default services revenue and profit, and it is unclear when or if volume will increase in the future.

The slowdown in the processing of foreclosures has also adversely impacted a number of service providers in the default industry. For example, the foreclosure trustees that manage the foreclosure process for the servicers in many states are experiencing significant delays in the timing of receiving payments for their services. In many cases, these foreclosure trustees use our services, particularly our default title and our posting and publishing services. The fees for our services are passed through to the servicers, and we do not receive payment for these services until after the trustees are paid by the servicers, which often does not occur until the foreclosure process has been completed. As foreclosure timelines have continued to extend for longer periods, we have become uncertain of the trustees' ultimate ability to pay these fees and have increased our allowance for doubtful accounts. Continued delays in the foreclosure process and the timing of payments for these services could result in additional increases to our allowance for doubtful accounts or in the accounts becoming uncollectable.

The current environment has also led to an increased legislative and regulatory focus on consumer protection practices. As a result, federal and state governments have enacted various new laws, rules and regulations. One example is the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was signed into law in July 2010. The Dodd-Frank Act contains broad changes for many sectors of the financial services and lending industries. Among other things, the Dodd-Frank Act includes new requirements for appraisals and appraisal management companies, including a requirement that appraisal fees be "customary and reasonable." As a result, we have experienced compression in our margins on our appraisal services because our customer contracts are at fixed prices, but the amount our appraisal management company must pay to the independent appraisers with whom it contracts has increased. It is difficult to predict the final form that regulations or other rule-makings to implement other requirements of the Dodd-Frank Act may take, what additional legislative or regulatory changes may be approved in the future, or whether those changes may require us to change our business practices, incur increased costs of compliance or adversely affect our results of operations.

In reaction to slow growth in the economy, the Federal Reserve has kept interest rates at historical lows for the past few years. Our centralized settlement services business has benefited from this policy as many homeowners have taken advantage of the low interest rates to refinance their mortgage and reduce their interest costs. It is unclear whether the pool of homeowners who would qualify for and benefit from a refinancing in 2013 remains as large as in 2012. Further, if interest rates increase to more traditional levels it could have a material impact on the volume of loans being refinanced and therefore have a material impact on our centralized settlement services revenue and profits.

Additional state and federal government actions directed at housing and mortgage industry are likely to occur some of which could negatively impact our revenue and profits in the future.

We may incur additional costs and expenses due to investigations or other actions relating to default procedures.

As described in note 14 to our consolidated financial statements titled "Commitments and Contingencies," we have incurred substantial costs associated with our recent settlement of a number of inquiries made by governmental agencies and claims made by civil litigants concerning various current and past business practices in our default operations, and we are continuing to litigate a complaint filed by the State of Nevada with respect to these matters. In addition, in April 2011, we entered into a consent order with various banking agencies pursuant to which we agreed, among other things, to engage an independent third party to conduct a risk assessment and review of our default management businesses and the document execution services we provided to servicers from January 1, 2008 through December 31, 2010. Our accrual for legal and regulatory matters that are probable and estimable is $223.1 million as of December 31, 2012, and includes costs associated with recently settled matters, as well as estimated costs of settlement, damages and associated legal fees applicable to certain pending litigation and regulatory matters, and assumes no third party recoveries. There can be no assurance that we will not incur additional costs and expenses that would be material, including but not limited to fines or penalties and legal costs, or be subject to other remedies, as a result of regulatory, legislative or administrative investigations or actions relating to default procedures or civil litigation.

If we fail to adapt our services to changes in technology or in the marketplace, or if our ongoing efforts to upgrade our technology are not successful, we could lose customers and have difficulty attracting new customers for our services.

The markets for our services are characterized by constant technological changes, frequent introductions of new services and evolving industry standards. Our future success will be significantly affected by our ability to maintain sufficient liquidity to enhance our current services, and develop and introduce new services that address the increasingly sophisticated needs of our customers and their customers. These initiatives carry the risks associated with any new service development effort, including cost overruns, delays in delivery and performance issues. There can be no assurance that we will be successful in developing, marketing and selling new services that meet these changing demands, that we will not experience difficulties that could delay or prevent the successful development, introduction, and marketing of these services, or that our new services and their enhancements will adequately meet the demands of the marketplace and achieve market acceptance.

We operate in a competitive business environment, and if we are unable to compete effectively our results of operations and financial condition may be adversely affected.

The markets for our services are intensely competitive. Our competitors vary in size and in the scope and breadth of the services they offer. We compete for existing and new customers against both third parties and the in-house capabilities of our customers. Some of our competitors have substantial resources. In addition, we expect that the markets in which we compete will continue to attract new competitors and new technologies. There can be no assurance that we will be able to compete successfully against current or future competitors or that competitive pressures we face in the markets in which we operate will not adversely affect our business, financial condition and results of operations.

Recently, several new entrants in the mortgage industry have been aggressively acquiring mortgage servicing rights from large national lenders. These new entrants primarily use affiliated service providers rather than third parties such as us. Although we believe we compete favorably against these affiliates, to the extent this trend continues it could adversely affect our results.

Further, because many of our larger potential customers have historically developed their key processing applications in-house and therefore view their system requirements from a make-versus-buy perspective, we often compete against our potential customers' in-house capacities. As a result, gaining new customers in our mortgage processing business can be difficult. For banks and other potential customers, switching from an internally designed system to an outside vendor, or from one vendor of mortgage processing services to a new vendor, is a significant undertaking. Many potential customers worry about potential disadvantages such as loss of accustomed functionality, increased costs and business disruption. As a result, potential customers often resist change. There can be no assurance that our strategies for overcoming potential customers' reluctance to change will be successful, and this resistance may adversely affect our growth.

Security breaches or our own failure to comply with privacy regulations imposed on providers of services to financial institutions could harm our business by disrupting our delivery of services and damaging our reputation.

As part of our business, we electronically receive, process, store and transmit sensitive business information of our customers. In addition, we collect personal consumer data, such as names and addresses, social security numbers, driver's license numbers and payment history records. Unauthorized access to our computer systems or databases could result in the theft or publication of confidential information or the deletion or modification of records or could otherwise cause interruptions in our operations. These concerns about security are increased when we transmit information over the Internet.

Additionally, as a provider of services to financial institutions, we are bound by the same limitations on disclosure of the information we receive from our customers as apply to the financial institutions themselves. If we fail to comply with these regulations, we could be exposed to suits for breach of contract or to governmental proceedings. In addition, if more restrictive privacy laws or rules are adopted in the future on the federal or state level, that could have an adverse impact on us. Any inability to prevent security or privacy breaches could cause our existing customers to lose confidence in our systems and terminate their agreements with us, and could inhibit our ability to attract new customers.

If our applications or services are found to infringe the proprietary rights of others, we may be required to change our business practices and may also become subject to significant costs and monetary penalties.

As our information technology applications and services develop, we may become increasingly subject to infringement claims. Any claims, whether with or without merit, could:

- be expensive and time-consuming to defend;
- cause us to cease making, licensing or using applications that incorporate the challenged intellectual property;
- require us to redesign our applications, if feasible;
- divert management's attention and resources; and
- require us to enter into royalty or licensing agreements in order to obtain the right to use necessary technologies.

If we are unable to successfully consummate and integrate acquisitions, our results of operations may be adversely affected.

One of our strategies to grow our business is to opportunistically acquire complementary businesses and services. This strategy will depend on our ability to find suitable acquisitions and finance them on acceptable terms. We may require additional debt or equity financing for future acquisitions, and doing so will be made more difficult by our substantial debt. If we are unable to acquire suitable acquisition candidates, we may experience slower growth. Further, even if we successfully complete acquisitions, we will face challenges in integrating any acquired business. These challenges include eliminating redundant operations, facilities and systems, coordinating management and personnel, retaining key employees, managing different corporate cultures, and achieving cost reductions and cross-selling opportunities. Additionally, the acquisition and integration processes may disrupt our business and divert our resources.

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

Goodwill was approximately $1,109.3 million, or approximately 45% of our total assets, as of December 31, 2012. Current accounting rules require that goodwill be assessed for impairment at least annually or whenever changes in circumstances indicate that the carrying amount may not be recoverable from estimated future cash flows. Factors that may indicate 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.

The results of our 2012 annual assessment of the recoverability of goodwill indicated that the fair value of each of our reporting units was substantially in excess of their carrying value. As of December 31, 2012, the fair value of our Data and Analytics reporting unit, which includes goodwill of $104.7 million, or approximately 9% of our consolidated goodwill balance, exceeded its carrying value by 16% and represented the reporting unit with the least amount of excess fair value. During 2012 and 2011, we made considerable investments in our Data and Analytics reporting unit that are expected to result in revenue growth and incremental profitability. The valuation model that is used to estimate the fair value of this reporting unit contemplates certain assumptions made by management about the timing and volume of incremental business resulting from our investments. If actual results are not consistent with our assumptions, we may be required to record goodwill impairment charges in the future.

We have a long sales cycle for many of our technology solutions and if we fail to close sales after expending significant time and resources to do so, our business, financial condition, and results of operations may be adversely affected.

The implementation of many of our technology solutions often involves significant capital commitments by our customers, particularly those with smaller operational scale. Potential customers generally commit significant resources to an evaluation of available technology solutions and require us to expend substantial time, effort and money educating them as to the value of our technology solutions and services. We incur substantial costs in order to obtain each new customer. We may expend significant funds and management resources during the sales cycle and ultimately fail to close the sale. Our sales cycle may be extended due to our customers' budgetary constraints or for other reasons. If we are unsuccessful in closing sales after expending significant funds and management resources or if we experience delays, it could have a material adverse effect on our business, financial condition and results of operations.

We may experience defects, development delays, installation difficulties and system failures with respect to our technology solutions, which would harm our business and reputation and expose us to potential liability.

Many of our services are based on sophisticated software and computing systems, and we may encounter delays when developing new technology solutions and services. Further, the technology solutions underlying our services have occasionally contained and may in the future contain undetected errors or defects when first introduced or when new versions are released. In addition, we may experience difficulties in installing or integrating our technologies on platforms used by our customers. Finally, our systems and operations could be exposed to damage or interruption from fire, natural disaster, power loss, telecommunications failure, unauthorized entry and computer viruses. Defects in our technology solutions, errors or delays in the processing of electronic transactions, or other difficulties could result in:

- interruption of business operations;
- delay in market acceptance;
- additional development and remediation costs;
- diversion of technical and other resources;
- loss of customers;
- negative publicity; or
- exposure to liability claims.

Any one or more of the foregoing occurrences could have a material adverse effect on our business, financial condition and results of operations. Although we attempt to limit our potential liability through disclaimers and limitation-of-liability provisions in our license and customer agreements, we cannot be certain that these measures will be successful in limiting our liability.

We have substantial indebtedness, which could have a negative impact on our financing options and liquidity position.

We have approximately $1,068.1 million of total debt outstanding, consisting of (i) a senior secured credit agreement including a $400 million Revolving Credit Facility under which $398.1 million was available as of December 31, 2012 and a $535 million Term Loan A under which $468.1 million was outstanding at December 31, 2012, and (ii) $600 million of senior unsecured notes outstanding at December 31, 2012. We also have other contractual commitments and contingent obligations.

This high level of debt could have important consequences to us, including the following:

- this debt level makes us more vulnerable to economic downturns and adverse developments in our business, may cause us to have difficulty borrowing money in the future in excess of amounts available under our credit facility for working capital, capital expenditures, acquisitions or other purposes and may limit our ability to pursue other business opportunities and implement certain business strategies;
- we will need to use a large portion of the money we earn to pay principal and interest on our debt, which will reduce the amount of money available to finance operations, acquisitions and other business activities and pay stockholder dividends;
- approximately $143.1 million of the debt currently bears interest at a floating rate, which exposes us to the risk of increased interest rates (for example, a one percent increase in interest rates would result in a $1.0 million increase in our annual interest expense for every $100 million of floating rate debt we incur, which may make it more difficult for us to service our debt);
- while we have entered into various agreements limiting our exposure to higher interest rates and may enter into additional similar agreements in the future, any such agreements may not offer complete protection from this risk, and we remain subject to the risk that one or more of the counterparties to these agreements may fail to satisfy their obligations under such agreements; and
- we have a higher level of debt than certain of our competitors, which may cause a competitive disadvantage and may reduce flexibility in responding to changing business and economic conditions, including increased competition.

Despite our substantial indebtedness, we may be able to incur additional debt in the future. The terms of our credit facilities and the indenture governing the notes allow us to incur substantial amounts of additional debt, subject to certain limitations. If new debt is added to our current debt levels, the related risks we could face would be magnified.

Our financing arrangements subject us to various restrictions that could limit our operating flexibility.

The agreements governing our credit facilities and the indenture governing the notes each impose operating and financial restrictions on our activities. These restrictions include compliance with, or maintenance of, certain financial tests and ratios, including a minimum interest coverage ratio and maximum leverage ratio, and limit or prohibit our ability to, among other things:

- create, incur or assume any additional debt and issue preferred stock;
- create, incur or assume certain liens;
- redeem and/or prepay certain subordinated debt we might issue in the future;
- pay dividends on our stock or repurchase stock;
- make certain investments and acquisitions;
- enter into or permit to exist contractual limits on the ability of our subsidiaries to pay dividends to us;
- enter new lines of business;
- engage in consolidations, mergers and acquisitions;
- engage in specified sales of assets; and
- enter into transactions with affiliates.

These restrictions on our ability to operate our business could harm our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition and other corporate opportunities.