CORELOGIC, INC.
Form 10-Q
November 04, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

OR

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

For the transition period from to

Commission file number 001-13585

CoreLogic, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	95-1068610 (I.R.S. Employer Identification No.)
4 First American Way, Santa Ana, California (Address of principal executive offices)	92707-5913 (Zip Code)

(714) 250-6400
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

On November 1, 2011, there were 106,487,261 shares of common stock outstanding.

CoreLogic, Inc.
INFORMATION INCLUDED IN REPORT

Items 3 and 4 of Part II have been omitted because they are not applicable with respect to the current reporting period.

PART I: FINANCIAL INFORMATION
Item 1. Financial Statements.
CoreLogic, Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in thousands, except per share value)	September 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$138,668	$426,212
Marketable securities	34,970	75,221
Accounts receivable (less allowance for doubtful accounts of $15,437 and $12,314 in 2011 and 2010, respectively)	215,205	176,413
Prepaid expenses and other current assets	54,715	42,793
Income tax receivable	61,510	30,587
Deferred tax asset, current	28,157	13,150
Due from FAFC, net	581	—
Assets of discontinued operations	76,111	262,275
Total current assets	609,917	1,026,651
Property and equipment, net	231,294	197,426
Goodwill, net	1,468,663	1,289,888
Other intangible assets, net	170,408	109,850
Capitalized data and database costs, net	298,887	211,331
Investment in affiliates	143,850	165,709
Deferred income tax assets, long-term	28,361	33,548
Restricted cash	20,924	21,095
Other assets	149,800	180,882
Total assets	$3,122,104	$3,236,380
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$151,763	$123,936
Accrued salaries and benefits	60,629	76,212
Income taxes payable	4,288	—
Deferred revenue, current	200,505	186,031
Mandatorily redeemable noncontrolling interests	—	72,000
Current portion of long-term debt	62,482	233,452
Due to FAFC, net	—	18,097
Liabilities of discontinued operations	42,505	40,162
Total current liabilities	522,172	749,890
Long-term debt, net of current	848,616	487,437
Deferred revenue, net of current	335,322	350,827
Deferred income tax liabilities, long term	10,279	—
Other liabilities	136,908	101,531
Total liabilities	1,853,297	1,689,685
Equity:		
CoreLogic, Inc.'s (CoreLogic) stockholders' equity:		
Preferred stock, $0.00001 par value; 500 shares authorized, no shares issued or outstanding	—	—
	1	1

Common stock, $0.00001 par value; 180,000 shares authorized; 106,481 and 115,499 shares issued and outstanding as of September 30, 2011 and December 31, 2010, respectively		
Additional paid-in capital	1,052,587	1,229,806
Retained earnings	246,140	298,590
Accumulated other comprehensive (loss)/income	(32,384)	15,943
Total CoreLogic's stockholders' equity	1,266,344	1,544,340
Noncontrolling interests	2,463	2,355
Total equity	1,268,807	1,546,695
Total liabilities and equity	$3,122,104	$3,236,380

See notes to condensed consolidated financial statements.

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CoreLogic, Inc.
Condensed Consolidated Statements of Income
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in thousands, except per share amounts)	2011	2010	2011	2010
Operating revenues	$348,446	$330,146	$993,149	$964,910
External cost of revenues	78,178	76,543	211,457	214,713
Salaries and benefits	131,523	133,812	414,545	406,097
Other operating expenses	76,061	50,604	209,739	191,418
Depreciation and amortization	34,844	23,495	84,160	72,198
Total operating expenses	320,606	284,454	919,901	884,426
Income from continuing operations	27,840	45,692	73,248	80,484
Interest income/(expense), net:				
Interest income	817	1,541	4,005	2,829
Interest expense	(15,236)	(8,956)	(47,783)	(25,325)
Total interest expense, net	(14,419)	(7,415)	(43,778)	(22,496)
(Loss)/gain on investment and other income	(4,118)	2,072	86,783	(659)
Income from continuing operations before equity in earnings of affiliates and income taxes	9,303	40,349	116,253	57,329
Provision/(benefit) for income taxes	20,535	(5,580)	76,829	4,193
(Loss)/income from continuing operations before equity in earnings of affiliates	(11,232)	45,929	39,424	53,136
Equity in earnings of affiliates, net of tax	8,340	13,507	20,393	29,593
(Loss)/income from continuing operations	(2,892)	59,436	59,817	82,729
Loss from discontinued operations, net of tax	(104,220)	(142,479)	(111,125)	(93,688)
Net loss	(107,112)	(83,043)	(51,308)	(10,959)
Less: Net income attributable to noncontrolling interests	78	10,372	1,142	28,629
Net loss attributable to CoreLogic	$(107,190)	$(93,415)	$(52,450)	$(39,588)
Amounts attributable to CoreLogic stockholders:				
(Loss)/income from continuing operations	$(2,970)	$49,064	$58,675	$54,100
Loss from discontinued operations, net of tax	(104,220)	(142,479)	(111,125)	(93,688)
Net loss	$(107,190)	$(93,415)	$(52,450)	$(39,588)
Basic (loss)/income per share:				
(Loss)/income from continuing operations attributable to CoreLogic stockholders	$(0.03)	$0.42	$0.53	$0.49
Loss from discontinued operations attributable to CoreLogic stockholders, net of tax	(0.98)	(1.22)	(1.01)	(0.85)
Net loss attributable to CoreLogic	$(1.01)	$(0.80)	$(0.48)	$(0.36)
Diluted (loss)/income per share:				
(Loss)/income from continuing operations attributable to CoreLogic stockholders	$(0.03)	$0.42	$0.53	$0.49
Loss from discontinued operations attributable to Corelogic stockholders, net of tax	(0.98)	(1.22)	(1.01)	(0.85)
Net (loss)/income attributable to CoreLogic	$(1.01)	$(0.80)	$(0.48)	$(0.36)
Weighted-average common shares outstanding:				
Basic	106,414	116,991	109,993	109,800

Diluted	106,414	117,829	110,591	110,669

See notes to condensed consolidated financial statements.

CoreLogic, Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in thousands)	2011	2010	2011	2010
Net loss attributable to CoreLogic	$(107,190)	$(93,415)	$(52,450)	$(39,588)
Other comprehensive (loss)/income, net of tax:				
Unrealized (loss)/gain on marketable securities	(760)	1,754	(853)	(2,606)
Unrealized loss on interest rate swap	(3,165)	—	(5,869)	—
Foreign currency translation adjustments	(27,789)	469	(26,498)	(413)
Supplemental benefit plans (loss)/income adjustment	(7)	99	(85)	(308)
Investment gain reclassified to net loss	—	—	(15,022)	—
Total other comprehensive (loss)/income, net of tax	(31,721)	2,322	(48,327)	(3,327)
Comprehensive loss	(138,911)	(91,093)	(100,777)	(42,915)
Less: Comprehensive loss/(income) attributable to the noncontrolling interests	—	6	—	(6)
Comprehensive loss attributable to CoreLogic	$(138,911)	$(91,099)	$(100,777)	$(42,909)

See notes to condensed consolidated financial statements.

CoreLogic, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30,	
(in thousands)	2011	2010
Cash flows from operating activities:		
Net loss	$(51,308)	$(10,959)
Less: Loss from discontinued operations	(111,125)	(93,688)
Income from continuing operations	59,817	82,729
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	84,160	72,198
Provision for bad debt and claim losses	19,163	18,590
Share-based compensation	9,523	11,547
Equity in earnings of affiliates, net of taxes	(20,393)	(29,593)
Loss on early extinguishment of debt	10,190	—
Deferred income tax	1,352	(30,046)
Net realized investment (gains)/losses and other income	(86,783)	659
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(17,403)	(18,795)
Prepaid expenses and other current assets	(20,596)	229
Accounts payable and accrued expenses	(14,071)	(2,672)
Deferred revenue	(23,935)	(30,922)
Due to/from FAFC	(18,678)	9,108
Income taxes	62,063	2,949
Dividends received from investments in affiliates	35,215	43,991
Other assets and other liabilities	(9,748)	(33,138)
Net cash provided by operating activities - continuing operations	69,876	96,834
Net cash (used in)/provided by operating activities - discontinued operations	(14,051)	1,442
Total cash provided by operating activities	$55,825	$98,276
Cash flows from investing activities:		
Purchase of redeemable noncontrolling interests	(72,000)	(72,000)
Purchase of subsidiary shares from and other decreases in noncontrolling interests	—	(5,617)
Purchases of capitalized data and other intangible assets	(19,874)	(18,361)
Purchases of property and equipment	(33,558)	(45,734)
Cash paid for acquisitions, net of cash acquired	(214,214)	(90)
Purchases of investments	(26,898)	(21,819)
Proceeds from maturities of debt securities	—	298
Proceeds from sale of foreign subsidiary, net of cash on hand and other adjustments	22,754	—
Proceeds from sale of property and equipment	389	—
Proceeds from sale of investments	53,847	26,386
Change in restricted cash	2,616	(21,095)
Net cash used in investing activities - continuing operations	(286,938)	(158,032)
Net cash used in investing activities - discontinued operations	(4,380)	(68,550)
Total cash used in investing activities	$(291,318)	$(226,582)
Cash flows from financing activities:		
Proceeds from long-term debt	857,985	634,366
Debt issuance costs	(22,080)	(14,776)

Repayment of long-term debt	(727,699)	(696,155)
Proceeds from issuance of stock related to stock options and employee benefit plans	2,425	7,375
Share repurchases	(176,512)	—
Distribution to noncontrolling interests	(4,835)	(18,719)
Cash dividends	—	(22,657)
Tax benefit related to stock options	234	3,160
Net cash used in financing activities - continuing operations	(70,482)	(107,406)
Net cash provided by financing activities - discontinued operations	70	29,721
Total cash used in financing activities	$(70,412)	$(77,685)
Net decrease in cash and cash equivalents	(305,905)	(205,991)
Cash and cash equivalents at beginning of period	426,212	459,520

Change in cash and cash equivalents - discontinued operations	18,361	29,997
Cash and cash equivalents at end of period	$138,668	$283,526
Supplemental disclosures of cash flow information:		
Cash paid for interest	$54,161	$33,540
Cash paid for income taxes	$35,053	$32,473
Cash refunds from income taxes	$7,302	$31,019
Non-cash financing activities:		
Distribution to stockholders of First American Financial Corporation ("FAFC")	$—	$1,661,443
Adjustment of carrying value of mandatorily redeemable noncontrolling interest	$(3,800)	$11,336
Non-cash investing activities:		
Note payable issued for the acquisition of investment in affiliate	$12,700	$—

See notes to condensed consolidated financial statements.

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CoreLogic, Inc.
Condensed Consolidated Statement of Equity
(unaudited)

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests (1)	Total
Balance at December 31, 2010	115,499	$1	$1,229,806	$298,590	$ 15,943	$ 2,355	$1,546,695
Net loss for the nine months ended September 30, 2011				(52,450)		653	(51,797)
Shares issued in connection with share-based compensation	498	—	2,425	—	—	—	2,425
Share-based compensation	—	—	9,600	—	—	—	9,600
Share repurchases	(9,516)		(176,512)				(176,512)
Distributions to noncontrolling interests						(545)	(545)
Adjust redeemable noncontrolling interests to redemption value	—	—	(3,800)	—	—	—	(3,800)
Income tax indemnification adjustment related to Spin-off distribution of FAFC			(8,932)				(8,932)
Other comprehensive loss	—	—	—	—	(48,327)	—	(48,327)
Balance at September 30, 2011	106,481	$1	$1,052,587	$246,140	$ (32,384)	$ 2,463	$1,268,807

(1) Excludes amounts related to mandatorily redeemable noncontrolling interests included in current liabilities in the condensed consolidated balance sheet at December 31, 2010, which were redeemed in the first quarter of 2011. See Note 12- Redeemable Noncontrolling Interests to the condensed consolidated financial statements for a discussion of redeemable noncontrolling interests.

See notes to condensed consolidated financial statements.

Note 1 – Basis of Condensed Consolidated Financial Statements

CoreLogic, Inc. and its subsidiaries (collectively "we", "us" or "our") is a leading provider of property, financial, and consumer information, analytics and services to mortgage originators, financial institutions, and other business and governmental entities.

Our condensed consolidated financial information included in this report has been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) including the instructions to Form 10-Q and Article 10 of SEC Regulation S-X. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes. Actual amounts may differ from these estimated amounts. Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The principles for interim financial information do not require the inclusion of all the information and footnotes required by GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2010.

The condensed consolidated financial statements included herein are unaudited; however, in the opinion of management, they contain all normal recurring adjustments necessary for a fair statement of the consolidated results for the interim periods. Certain prior year amounts have been classified to conform to the current year presentation and to correct errors in classification. Previously presented prior period financial statements have been revised to present the discontinued operations classification of our marketing services, consumer services, transportation services and appraisal management businesses described in Note 15 - Discontinued Operations. Further, the Condensed Consolidated Balance Sheet as of December 31, 2010 has been revised to correct the classification of $21.1 million in restricted cash from current assets to non-current assets and the Condensed Consolidated Statement of Cash Flows for the nine months ended September 30, 2010 has been revised to correct the classification of $14.8 million in debt issuance costs from an operating activity to a financing activity. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

Spin-off Transaction

On June 1, 2010, The First American Corporation (“FAC”) completed a transaction (the “Separation”) by which it separated into two independent, publicly traded companies through a distribution (the “Distribution”) of all of the outstanding shares of its subsidiary, First American Financial Corporation (“FAFC”), to the holders of FAC’s common shares, par value $1.00 per share, as of May 26, 2010. After the Distribution, FAFC owned the businesses that comprised FAC’s financial services businesses immediately prior to the Separation and FAC retained its information solutions businesses.

On May 18, 2010, the shareholders of FAC approved a separate transaction pursuant to which FAC changed its place of incorporation from California to Delaware (the “Reincorporation”). The Reincorporation became effective June 1, 2010. To effect the Reincorporation, FAC and CoreLogic, Inc., which was a wholly-owned subsidiary of FAC incorporated in Delaware, entered into an agreement and plan of merger (the “Merger Agreement”). Pursuant to the Merger Agreement, FAC merged with and into CoreLogic, Inc., with CoreLogic, Inc. continuing as the surviving corporation. Concurrent with the Separation, FAC changed its trading symbol to CLGX.

To effect the Separation, the Company and FAFC entered into a Separation and Distribution Agreement (the "Separation and Distribution Agreement") that governs the rights and obligations of the Company and FAFC regarding the Distribution. It also governs the on-going relationship between the Company and FAFC subsequent to the completion of the Separation and provides for the allocation between the Company and FAFC of FAC's assets and liabilities. In connection with the Separation, the Company and FAFC also entered into a tax sharing agreement (the "Tax Sharing Agreement") as described in Note 7 – Income Taxes. The Company and FAFC also entered into a Restrictive Covenants Agreement pursuant to which FAFC is restricted in certain respects from competing with the Company in our tax services business within the United States for a period of ten years from the date of the Separation. In addition, CoreLogic issued a promissory note to FAFC in the principal amount of $19.9 million relating to certain pension liabilities, which was fully paid as of September 30, 2011. See further discussion at Note 16 - Transactions with FAFC.

While we are a party to the Separation and Distribution Agreement and various other agreements relating to the Separation, we have determined that we have no material continuing involvement in the operations of FAFC. As a result of the Separation, the

FAFC businesses are reflected in our condensed consolidated financial statements as discontinued operations in 2010. See Note 15 – Discontinued Operations for additional disclosures.

As part of the Separation, we are responsible for a portion of FAFC's contingent and other corporate liabilities. There were no amounts recorded for FAFC liabilities at September 30, 2011.

As part of the Distribution, on May 26, 2010, we issued approximately $250.0 million of shares of our common stock, or 12,933,265 shares, to FAFC. Based on the closing price of our stock on June 1, 2010, the value of the equity issued to FAFC was $242.6 million. As a result, we made a cash payment to FAFC of $7.4 million to arrive at the full value of $250.0 million. FAFC has agreed to dispose of the shares within five years after the Separation or to bear any adverse tax consequences arising out of holding the shares for longer than that period. On April 11, 2011, we purchased 4.0 million shares of our common stock from a wholly-owned subsidiary of FAFC for total consideration of $75.8 million based on a spot market price of our common stock on April 5, 2011 of $18.95 per share. The price per share was agreed upon by the parties during the trading day on April 5, 2011. See further discussion at Note 16 - Transactions with FAFC .

We have included all of the corporate costs of FAC up to the Separation date in our condensed consolidated statement of income. For the nine month period ended September 30, 2010, those net expenses totaled approximately $69.0 million.

In connection with the Separation, we reorganized our reportable segments into three reportable segments to be consistent with how we view and operate our businesses. On December 30, 2010, we completed the sale of our employer and litigation services businesses and as a result we currently have two reportable segments. During the first quarter of 2011, we changed the management oversight for our marketing services group and moved it from the corporate and eliminations group and into the specialty finance component of our data and analytics segment. Prior period financial results have been recast to conform to this presentation. See Note 17 – Segment Information.

Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued updated guidance related to the testing of goodwill for impairment. The guidance provides that an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. The updated guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Management does not expect the adoption of this guidance to have a material impact on our condensed consolidated financial statements.

In June 2011, the FASB issued updated guidance related to the presentation of comprehensive income. The guidance provides that an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The updated guidance is effective for annual financial reporting periods beginning after December 15, 2011 and for interim periods within the fiscal year. Management does not expect the adoption of this guidance to have a material impact on our condensed consolidated financial statements.

In May 2011, the FASB issued updated guidance related to fair value measurements and disclosures. The update provides amendments to achieve common fair value measurements and disclosure requirements in GAAP and International Financial Reporting Standards. The amendments in this update explain how to measure fair value. They do not require additional fair value measurements and are not intended to establish valuation standards or affect valuation practices outside of financial reporting. The updated guidance is effective during interim and annual financial reporting periods beginning after December 15, 2011. Management does not expect the adoption of this guidance to have a material impact on our condensed consolidated financial statements.

In December 2010, the FASB issued updated guidance which addresses diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. The amendments specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010.

The adoption of this guidance did not have a material impact on our condensed consolidated financial statements.

In December 2010, the FASB issued updated guidance related to when to perform Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts. The guidance amends the criteria for performing Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts and requires performing Step 2 if qualitative factors indicate that it is more likely than not that a goodwill impairment exists. The adoption of this guidance did not have a material impact on our condensed consolidated financial statements.

In January 2010, the FASB issued updated guidance related to fair value measurements and disclosures, which requires a reporting entity to disclose separately the amounts of material unobservable inputs (Level 3) information about purchases, sales, issuances and settlements (that is, on a gross basis rather than one net number). The updated guidance is effective for interim or annual financial reporting periods beginning after December 15, 2010 and for interim periods within the fiscal year. The adoption of this guidance did not have a material impact on our condensed consolidated financial statements.

Note 2 – Investment in Affiliates

Investments in affiliates are accounted for under the equity method of accounting as we are deemed to have significant influence over the affiliate but do not control or have a majority voting interest in the affiliate. The investment is carried at the cost of acquisition, including subsequent capital contributions and loans from us, plus our equity in undistributed earnings or losses since acquisition. We record equity in earnings of affiliates net of tax. For the three and nine months ended September 30, 2011, income tax expense of $5.6 million and $13.6 million, respectively, was recorded on these earnings and for the same periods of the prior year income tax expense of $9.0 million and $19.5 million, respectively, was recorded on these earnings.

One of our subsidiaries owns a 50.1% interest in a joint venture that provides products and services used in connection with loan originations. This investment in an affiliate contributed 85% and 86.9% of our total equity in earnings of affiliates, net of tax, for the three and nine months ended September 30, 2011, respectively. This investment in an affiliate contributed 82.6% and 91.5% of our total equity in earnings of affiliates, net of tax, for the three and nine months ended September 30, 2010, respectively. Based on the terms and conditions of the joint venture agreement, we have significant influence but do not have control of, nor a majority voting interest in, the joint venture. Accordingly, this investment is accounted for under the equity method. Summarized financial information for this investment (assuming a 100% ownership interest) is as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in thousands)	2011	2010	2011	2010
Statement of operations				
Net revenues	$105,187	$131,994	$279,500	$347,703
Expenses	81,429	94,552	220,055	257,066
Income before income taxes	$23,758	$37,442	$59,445	$90,637
Net income	$23,582	$37,130	$58,974	$90,030
CoreLogic equity in earnings of affiliate	$11,815	$18,603	$29,546	$45,105

In March 2011, we acquired a 50.1% interest in Speedy Title & Appraisal Review Services LLC ("STARS") for $35.0 million, consisting of an initial cash payment of $20.0 million and a deferred purchase price of $15.0 million payable in three installments of $5.0 million (due on the first, third, and fifth anniversaries of the initial closing), which is non-interest bearing and was discounted to $12.7 million as of March 31, 2011. See Note 6 - Long-Term Debt. We have recorded $30.8 million of basis difference between the purchase price and our interest in the net assets of

STARS, which is comprised of an indefinite-lived component of $9.7 million and a finite-lived component of $21.1 million with an estimated weighted average life of 9.3 years. The basis difference is classified as part of the investment in affiliates. Based on the terms and conditions of the joint venture agreement, we have significant influence but do not have control of, nor a majority voting interest in STARS; thus we account for our investment in STARS under the equity method of accounting.

In March and May 2011, we completed our acquisitions of the remaining controlling interest in Dorado Network Systems ("Dorado") and RP Data Limited ("RP Data"), respectively. For Dorado, a loss was previously recognized in the fourth quarter of 2010 and there was no further gain or loss on the acquisition of the controlling interest in 2011. For RP Data, we recorded an investment gain of approximately $58.9 million during the second quarter of 2011. Prior to our acquisition of these controlling interests, we accounted for our investments in Dorado and RP Data using the equity method. See Note 11 - Acquisitions for more information.

On September 22, 2011, we received a notice of intent from Veros Software, Inc. to exercise its option to purchase all of our membership interest in Veros Real Estate Solution, LLC. Although, as of September 30, 2011, we had not yet finalized the sale of the membership interest, the exercise value was below the net book value of our membership interest and we recorded an impairment charge of $0.8 million for the three and nine months ended September 30, 2011. In October 2011, we completed the sale of our interest and received proceeds of $8.0 million.

Note 3 – Marketable Securities

We classify our publicly traded debt and equity securities as available-for-sale and carry them at fair value with unrealized gains or losses classified as a component of accumulated other comprehensive income (loss). Debt securities consist primarily of investments in obligations of various corporations and mortgage-backed securities. Equity securities consist primarily of investments in marketable common and preferred stock.

In January 2011, we sold our equity investment in DealerTrack Holdings, Inc., which was classified as available for sale with a carrying value of $51.3 million and a gross unrealized gain in other comprehensive income of $24.0 million, or $14.8 million net of tax, at December 31, 2010 for gross proceeds of $51.9 million and a realized pre-tax gain of $24.9 million.
Marketable securities consist of the following:

(in thousands)	September 30, 2011	December 31, 2010
Non-agency mortgage-backed and asset-backed securities	$—	$1,791
Total investments in debt securities	—	1,791
Common stock	13,948	51,255
Preferred stock	21,022	22,175
Total investments in equity securities	34,970	73,430
Total marketable securities	$34,970	$75,221

Sales of debt and equity securities resulted in a realized gain of $24.9 million for the nine months ended September 30, 2011. There were no realized gains or losses for the three months ended September 30, 2011. Sales of debt and equity securities resulted in a realized loss of $0.1 million and a realized gain of $0.4 million for the three and nine months ended September 30, 2010, respectively.

Note 4 – Goodwill

A reconciliation of the changes in the carrying amount of goodwill and accumulated impairment losses, by reportable segment, for the nine months ended September 30, 2011, is as follows:

(in thousands)	Data and Analytics	Business and Information Services	Consolidated
Balance at December 31, 2010			
Goodwill	$603,516	$693,897	$1,297,413
Accumulated impairment losses	(600)	(6,925)	(7,525)
Goodwill, net	$602,916	$686,972	$1,289,888
Acquisitions	176,231	18,898	195,129
Translation adjustments	(16,354)	—	(16,354)
Balance at September 30, 2011			
Goodwill, net	$762,793	$705,870	$1,468,663

After the Separation, our reporting units consisted of mortgage origination services, default and technology services, specialty finance solutions, risk and fraud analytics, employer services, litigation services and marketing services. After the sale of the employer and litigation services businesses and the closure of our marketing services business, our reporting units, for purposes of applying the provisions of accounting guidance related to goodwill, are risk and fraud analytics, specialty finance solutions, mortgage origination services and default and technology services.

During the nine months ended September 30, 2011, we recorded $18.9 million of goodwill in connection with our acquisition of the remaining interest in Dorado in March 2011, $162.7 million of goodwill in connection with our acquisition of the remaining interest in RP Data in May 2011 and $13.5 million in connection with our acquisition of Tarasoft Corporation ("Tarasoft") in September 2011. We have reclassified $31.8 million and $155.1 million of goodwill, net, to assets of discontinued operations as of September 30, 2011 and December 31, 2010, respectively.

As of September 30, 2011, we closed our marketing services reporting unit (Leadclick), which resulted in a $123.3 million non-cash impairment charge as a component of loss from discontinued operations, net of tax. Our policy is to perform an annual goodwill impairment test for each reporting unit in the fourth quarter; using September 30 as our valuation date. In addition to our annual impairment test, we periodically assess whether events or circumstances occurred that potentially indicate that the carrying amounts of these assets may not be recoverable. Due to weak market demand, the market price of our common stock declined during the quarter ended September 30, 2011, and therefore we performed an interim goodwill impairment analysis as of August 31, 2011. Based on the analysis, we noted no risk of impairment of any other reporting unit, other than in the marketing services reporting unit as discussed above.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including revenue growth rates, operating margins, discount rates and future market conditions, among others. Key assumptions used to determine the fair value of our reporting units in our testing were: (a) expected cash flow for the period from 2011 to 2019; (b) an average discount rate of 12.0%, which was based on management's best estimate of the after-tax weighted average cost of capital; and (c) a 19% control premium. It is reasonably possible that changes in the facts, judgments, assumptions and estimates used in assessing the fair value of the goodwill could cause a reporting unit to become impaired.

Note 5 – Other Intangible Assets, net

Other intangible assets consist of the following:

(in thousands)	September 30, 2011	December 31, 2010
Customer lists	$274,156	$209,004
Noncompete agreements	7,960	8,033
Trade names and licenses	23,251	9,543
Other	521	—
	305,888	226,580
Less accumulated amortization	(135,480)	(116,730)
Other identifiable intangible assets, net	$170,408	$109,850

Amortization expense for finite-lived intangible assets was $8.3 million and $4.8 million for the three months ended September 30, 2011 and 2010, respectively and $19.3 million and $14.9 million for the nine months ended September 30, 2011 and 2010, respectively. We have reclassified $2.8 million and $22.8 million of other intangible assets, net, to assets of discontinued operations as of September 30, 2011 and December 31, 2010, respectively, and recorded a non-cash impairment charge of $18.4 million, of which $17.1 million was a component of loss from discontinued operations, net of tax, for the three and nine months ended September 30, 2011.

Estimated amortization expense relating to finite-lived intangible asset balances as of September 30, 2011, is expected to be as follows for the next five years:

(in thousands)	
Remainder of 2011	$8,247
2012	27,448
2013	25,623
2014	18,489
2015	17,049
Thereafter	73,552
	$170,408

Note 6 – Long-Term Debt

Our long-term debt consists of the following:

(in thousands)	September 30, 2011	December 31, 2010
Acquisition related notes:		
Weighted average interest rate of 5.27% at December 31, 2010, with maturities through 2013	$—	$44,624
Non-interest bearing acquisition note due in $5 million installments March 2012, 2014 and 2016	13,039	—
Notes:		
7.25% senior notes due June 2021	400,000	—
5.7% senior debentures due August 2014	1,175	1,175
7.55% senior debentures due April 2028	59,645	59,645
8.5% deferrable interest subordinated notes due April 2012	34,768	34,768
Bank debt:		
Revolving line of credit borrowings due March 2016, weighted average interest rate of 6.8%	48,310	—
Term loan facility borrowings through March 2016, weighted average interest rate of 4.0%	345,625	—
Revolving line of credit borrowings due July 2012, weighted average interest rate of 3.63%, extinguished in May 2011	—	200,000
Term loan facility borrowings due April 2016, weighted average interest rate of 4.75%, extinguished in May 2011	—	348,250
Other debt:		
6.52% Promissory Note due to First American Financial Corporation (See Note 15)	—	18,787
Various interest rates with maturities through 2013	8,536	13,640
Total long-term debt	911,098	720,889
Less current portion of long-term debt	62,482	233,452
Long-term debt, net of current portion	$848,616	$487,437

Senior Notes

On May 20, 2011, we issued $400.0 million aggregate principal amount of 7.25% senior notes due June 21, 2021 (the "Notes"). The Notes are guaranteed on a senior unsecured basis by each of our existing and future direct and indirect subsidiaries that guarantee our Credit Agreement. The Notes bear interest at 7.25% per annum and mature on June 1, 2021. Interest is payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2011.

The Notes are our senior unsecured obligations and: (i) rank equally with any of our existing and future senior unsecured indebtedness; (ii) rank senior to all our existing and future subordinated indebtedness; (iii) are subordinated to any of our secured indebtedness (including indebtedness under our credit facility) to the extent of the value of the assets securing such indebtedness; and (iv) are structurally subordinated to all of the existing and future liabilities (including trade payables) of each of our subsidiaries that do not guarantee the Notes. The guarantees will: (i) rank equally with any existing and future senior unsecured indebtedness of the guarantors; (ii) rank senior to all existing and future subordinated indebtedness of the guarantors; and (iii) are subordinated in right of payment to any secured indebtedness of the guarantors (including the guarantee of our credit facility) to the extent of the value of the assets securing such indebtedness.

The Notes are redeemable by us, in whole or in part on or after June 1, 2016 at a price up to 103.63% of the aggregate principal amount of the Notes, plus accrued and unpaid interest, if any, to the applicable redemption date, subject to other limitations. We may also redeem up to 35.0% of the original aggregate principal amount of the Notes at any time prior to June 1, 2014 with the proceeds from certain equity offerings at a price equal to 107.25% of the aggregate principal amount of the Notes, together with accrued and unpaid interest, if any, to the applicable redemption date, subject to certain other limitations. We may also redeem some or all of the Notes before June 1, 2016 at a redemption price equal to 100.0% of the aggregate principal amount of the Notes, plus a "make-whole premium," plus accrued and unpaid interest, if any, to the redemption date.

Upon the occurrence of specific kinds of change of control events, holders of the Notes have the right to cause us to purchase some or all of the Notes at 101.0% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The indenture governing the Notes contains restrictive covenants that limit, among other things, our ability and that of our restricted subsidiaries to incur additional indebtedness or issue certain preferred equity, pay dividends or make other distributions or other restricted payments, make certain investments, create restrictions on distributions from restricted subsidiaries, create liens on properties and certain assets to secure debt, sell certain assets, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets, enter into certain transactions with affiliates and designate our subsidiaries as unrestricted subsidiaries. The indenture also contains customary events of default, including upon the failure to make timely payments on the Notes or other material indebtedness, the failure to satisfy certain covenants and specified events of bankruptcy and insolvency.

Credit Agreement

On May 23, 2011, the Company, CoreLogic Australia Pty Limited and the guarantors entered into a senior secured credit facility agreement (the "Credit Agreement") with Bank of America, N.A. as administrative agent and other financial institutions. The Credit Agreement provides for a $350.0 million five-year term loan facility (the "Term Facility") and a $550.0 million revolving credit facility (the "Revolving Facility"). The Revolving Facility includes a $100.0 million multicurrency revolving sub-facility and a $50.0 million letter of credit sub-facility. The Credit Agreement also provides for the ability to increase the Term Facility and Revolving Facility commitments provided that the total credit exposure under the Credit Agreement does not exceed $1.4 billion in the aggregate.

The loans under the Credit Agreement bear interest, at our election, at (i) the Alternate Base Rate (as defined in the Credit Agreement) plus the Applicable Rate (as defined in the Credit Agreement) or (ii) the London interbank offering rate for Eurocurrency borrowings, or the LIBO Rate, adjusted for statutory reserves, or the Adjusted LIBO Rate plus the Applicable Rate. The initial Applicable Rate for Alternate Base Rate borrowings is 1.00% and for Adjusted LIBO Rate borrowings is 2.00%. Starting with the full fiscal quarter after the closing date, the Applicable Rate will vary depending on our leverage ratio. The minimum Applicable Rate for Alternate Base Rate borrowings will be 0.75% and the maximum will be 1.75%. The minimum Applicable Rate for Adjusted LIBO Rate borrowings will be 1.75% and the maximum will be 2.75%. The Credit Agreement also requires us to pay commitment fees for the unused portion of the Revolving Facility, which will be a minimum of 0.30% and a maximum of 0.50%, depending on our leverage ratio.

The obligations under the Credit Agreement are our and the guarantors' senior secured obligations, collateralized by a lien on substantially all of our and the guarantors' personal property assets and mortgages or deeds of trust on our and the guarantors' real property with a fair market value of $10.0 million or more (collectively, the "Collateral") and rank senior to any of our and the guarantors' unsecured indebtedness (including the Notes) to the extent of the value of the Collateral.

The Credit Agreement provides that loans under the Term Facility shall be repaid in equal quarterly installments, commencing on September 30, 2011 and continuing on each three-month anniversary thereafter until and including March 31, 2016 in an amount equal to $4.4 million on each repayment date from September 30, 2011 through June 30, 2013, $8.8 million on each repayment date from September 30, 2013 through June 30, 2014 and $13.1 million on each repayment date from September 30, 2014 through March 31, 2016. The outstanding balance of the term loan will be due on the fifth anniversary of the closing date of the Credit Agreement. The Term Facility is also subject to prepayment from (i) the net cash proceeds of certain debt incurred or issued by us and the guarantors and (ii) the net cash proceeds received by us or the guarantors from certain assets sales and recovery events, subject to certain reinvestment rights.

The Credit Agreement contains financial maintenance covenants, including a (i) maximum total leverage ratio, (ii) a minimum interest coverage ratio and (iii) a maximum senior secured leverage ratio.

The Credit Agreement also contains restrictive covenants that limit, among other things, our ability and that of our subsidiaries, to incur additional indebtedness or issue certain preferred equity, pay dividends or make other distributions or other restricted payments, make certain investments, create restrictions on distributions from subsidiaries, to enter into sale leaseback transactions, amend the terms of certain other indebtedness, create liens on certain assets to secure debt, sell certain assets, consolidate, merge, sell or otherwise dispose of all or substantially all of our assets and enter into certain transactions with affiliates. The Credit Agreement also contains customary events of default, including upon the failure to make timely payments under the Term Facility and the Revolving Facility or other material indebtedness, the failure to satisfy certain covenants, the occurrence of a change of control and specified events of bankruptcy and insolvency.

At September 30, 2011, we had borrowing capacity under the revolving lines of credit of $501.7 million, and were in compliance with the financial and restricted covenants of our loan agreements.

Acquisition-Related Notes

In March 2011, we entered into a new settlement services joint venture called STARS. Our initial investment in STARS was $20.0 million and we also issued a note payable for an additional $15.0 million of consideration, which is non-interest bearing and was discounted to $12.7 million as of March 31, 2011.

Promissory Note Due to First American

On June 1, 2010, we issued a promissory note to FAFC in the amount of $19.9 million that accrued interest at a rate of 6.52% annually. Interest was first due on July 1, 2010 and quarterly thereafter. The note approximated the unfunded portion of the benefit obligation attributable to participants in the FAC defined benefit pension plan that were our employees. The balance outstanding on the note was $18.8 million at December 31, 2010 and was paid in full as of September 30, 2011.

Debt Issuance Costs

In connection with issuing the Notes and entering into the Credit Agreement and the related extinguishment of our previously outstanding bank debt, we fully expensed $10.2 million of unamortized debt issuance costs related to our extinguished bank debt facilities to interest expense in the accompanying consolidated statements of income. In addition, we capitalized $22.1 million of debt issuance costs, included in other assets in the accompanying balance sheet, and will amortize these costs to interest expense over the term of the Notes and Credit Agreement.

Interest Rate Swaps

In June 2011, we entered into amortizing interest rate swap transactions (“Swaps”) that have a termination date of May 2016. The Swaps are for an initial balance of $200.0 million, with a fixed interest rate of 1.73% and amortizes quarterly by $2.5 million through March 31, 2016 with a remaining balance of $107.5 million due on May 16, 2016. Previous swaps entered in October 2010 of $348.3 million were terminated with a realized gain of $0.4 million for the nine months ended September 30, 2011 upon full repayment of the underlying debt.

We entered into the Swaps in order to convert a portion of our interest rate exposure on the Term Facility floating rate borrowings from variable to fixed. We have designated the Swaps as cash flow hedges. The estimated fair value of these cash flow hedges resulted in a liability of $5.2 million at September 30, 2011 and an asset of $5.2 million at December 31, 2010, respectively, which is included in the accompanying condensed consolidated balance sheets as a component of other assets.

For the three and nine months ended September 30, 2011, unrealized losses of $3.2 million (net of $2.1 million in deferred taxes) and $5.9 million (net of $4.0 million in deferred taxes), respectively, were recognized in other comprehensive loss related to these Swaps.

It is our policy to execute such instruments with creditworthy banks and not to enter into derivative financial instruments for speculative purposes. As of September 30, 2011, we believe the counterparties in the Swaps 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.

Note 7 – Income Taxes

The effective income tax rate (total income tax expense related to income from continuing operations as a percentage of income from continuing operations before income taxes) was 220.7% and 66.1% for the three and nine months ended September 30, 2011, respectively, and (13.8)% and 7.3% respectively, for the same periods of the prior year. The change in the effective rate for both periods is primarily attributable to the provision of income taxes on former partnership income that was attributable to noncontrolling interests for which no income taxes were provided in the quarter ended March 31, 2010, the $14.0 million reversal of deferred taxes related to our interest in Dorado when it was held as an equity method investment, non-deductible transaction costs incurred in connection with the Separation during the quarter ended September 30, 2010 and excess tax gain on the sale of CoreLogic Global Services Private Limited ("CoreLogic India"). Effective January 1, 2011, income from the former partnership is wholly attributable to CoreLogic and income taxes are provided on all of the income generated in the third quarter of 2011. Income taxes included in equity in earnings of affiliates were $5.6 million and $9.0 million for the three months ended September 30, 2011 and 2010. Income taxes included in equity in earnings of affiliates were $13.6 million and $19.5 million for the nine months ended September 30, 2011 and 2010. For the purpose of segment reporting, these amounts are not reflected at the segment level but are recorded as a component of the corporate and elimination group.

As of September 30, 2011, the liability for income taxes associated with uncertain tax positions was $14.0 million. This liability can be reduced by $10.4 million of offsets for amounts subject to indemnification from FAFC under the Tax Sharing Agreement, state income taxes and timing adjustments. The net amount of $3.6 million, if recognized, would favorably affect the Company's effective tax rate.

Our continuing practice is to recognize interest and penalties, if any, related to uncertain tax positions in tax expense. As of September 30, 2011, we had accrued $4.3 million of interest (net of tax benefit) and penalties related to uncertain tax positions. This liability can be reduced by $3.6 million of offsets subject to indemnification from FAFC under the Tax Sharing Agreement.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and various non-U.S. jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state, and non-U.S. income tax examinations by taxing authorities for years prior to 2005.

It is reasonably possible that the amount of the unrecognized benefit with respect to certain of our unrecognized tax positions could significantly increase or decrease within the next 12 months. These changes may be the result of items such as ongoing audits, competent authority proceedings related to transfer pricing, or the expiration of federal and state statutes of limitation for the assessment of taxes.

We entered into a Tax Sharing Agreement with FAFC in connection with the Separation. The Tax Sharing Agreement governs ours and FAFC’s respective rights, responsibilities and obligations after the Distribution with respect to taxes, including ordinary course of business taxes and taxes, if any, incurred as a result of any failure of the Distribution to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Section 355 of the Internal Revenue Code of 1986, as amended, and taxes incurred in connection with certain internal transactions undertaken in anticipation of the Separation. Our rights, responsibilities and obligations under the Tax Sharing Agreement are discussed in our Annual Report on Form 10-K filed with the SEC on March 14, 2011.

Note 8 – (Loss)/Earnings Per Share

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
(in thousands, except per share amounts)				
Numerator for basic and diluted net (loss)/income per share:				
(Loss)/income from continuing operations attributable to CoreLogic stockholders	$(2,970)	$49,064	$58,675	$54,100
Loss from discontinued operations attributable to CoreLogic stockholders, net of tax	(104,220)	(142,479)	(111,125)	(93,688)
Loss attributable to CoreLogic	$(107,190)	$(93,415)	$(52,450)	$(39,588)
Denominator:				
Weighted-average shares for basic (loss)/earnings per share	106,414	116,991	109,993	109,800
Dilutive effect of stock options and restricted stock units	—	838	598	869
Weighted-average shares for diluted (loss)/earnings per share	106,414	117,829	110,591	110,669
(Loss)/earnings per share				
Basic:				
(Loss)/income from continuing operations attributable to CoreLogic stockholders	$(0.03)	$0.42	$0.53	$0.49
Loss from discontinued operations attributable to CoreLogic stockholders, net of tax	(0.98)	(1.22)	(1.01)	(0.85)
Loss income attributable to CoreLogic per share	$(1.01)	$(0.80)	$(0.48)	$(0.36)
Diluted:				
(Loss)/income from continuing operations attributable to CoreLogic stockholders	$(0.03)	$0.42	$0.53	$0.49
Loss from discontinued operations attributable to CoreLogic stockholders, net of tax	(0.98)	(1.22)	(1.01)	(0.85)
Net (loss)/income attributable to CoreLogic per share	$(1.01)	$(0.80)	$(0.48)	$(0.36)

Basic (loss)/earnings per share is computed by dividing (loss)/income available to common stockholders by the weighted average number of common shares available during the period. Diluted (loss)/earnings per share reflects the effect of potentially dilutive securities, principally the incremental shares assumed issued under the Company’s stock incentive plans.

For the three and nine months ended September 30, 2011, 7.1 million and 5.5 million stock options and restricted stock units, respectively, were excluded from the computation of diluted (loss)/earnings per share due to their antidilutive effect. For the three and nine months ended September 30, 2010, 4.4 million and 3.8 million stock options and restricted stock units, respectively, were excluded from the computation of diluted (loss)/earnings per share due to their antidilutive effect.

Note 9 – Fair Value of Financial Instruments

Fair value is 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 (exit price). We utilize market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable.

The market approach is applied for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Fair value balances are classified based on the observability of those inputs.

A fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Level 2 measurements utilize observable inputs in markets other than active markets.

In estimating the fair value of the financial instruments presented, we used the following methods and assumptions:

Cash and cash equivalents

For cash and cash equivalents, we believe that the carrying value is a reasonable estimate of fair value due to the short-term nature of the instruments.

Restricted cash

Restricted cash is comprised of certificates of deposit, we believe that the carrying value is a reasonable estimate of fair value due to the nature of these instruments.

Marketable securities

Equity and debt securities are classified as available-for-sale securities and are valued using quoted prices in active markets.

Long-term debt

The fair value of long-term debt was estimated based on the current rates available to us for debt of the same remaining maturities and consideration of our default and credit risk.

Interest rate swap agreements and foreign currency purchase agreements

The fair value of the interest rate swap agreements and forward currency purchase agreements were estimated based on market value quotes received from the counter parties to the agreements.

The fair values of our financial instruments as of September 30, 2011 are presented in the following table:

	Fair Value Measurements Using			
(in thousands)	Level 1	Level 2	Level 3	Fair Value
Financial Assets:				
Cash and cash equivalents	$138,668	$—	$—	$138,668
Restricted cash	—	20,924	—	20,924
Equity securities	34,970	—	—	34,970
Total Financial Assets	$173,638	$20,924	$—	$194,562
Financial Liabilities:				
Total debt	—	838,032	—	838,032
Total Financial Liabilities	$—	$838,032	$—	$838,032
Derivatives:				
Interest rate swap agreements	$—	$(5,209)	$—	$(5,209)

The fair values of our financial instruments as of December 31, 2010 are presented in the following table:

	Fair Value Measurements Using			
(in thousands)	Level 1	Level 2	Level 3	Fair Value
Financial Assets:				
Cash and cash equivalents	$426,212	$—	$—	$426,212
Restricted cash	—	21,095	—	21,095
Debt securities	1,791	—	—	1,791
Equity securities	73,430	—	—	73,430
Total Financial Assets	$501,433	$21,095	$—	$522,528
Financial Liabilities:				
Total debt	—	727,440	—	727,440
Total Financial Liabilities	$—	$727,440	$—	$727,440
Derivatives:				
Interest rate swap agreements	$—	$5,156	$—	$5,156
Foreign currency forward purchase agreements, net	$—	$(971)	$—	$(971)

Note 10 – Stock-Based Compensation

We issue equity awards under the CoreLogic, Inc. 2011 Performance Incentive Plan (the "Plan") which was approved by our stockholders at our Annual Meeting, held on May 19, 2011. The Plan permits the grant of stock options, restricted stock units ("RSUs"), performance units and other stock-based awards. Prior to the approval of the Plan, we issued equity awards under the CoreLogic, Inc. 2006 Incentive Plan (the "2006 Plan"). The Plan was adopted, in part, to make an additional 18,000,000 shares of the Company's common stock available for award grants, so that the Company will have sufficient authority and flexibility to adequately provide for future incentives. In connection with the Separation, on June 1, 2010, each FAC stock option held by a CoreLogic employee was converted into an adjusted CoreLogic stock option. The exercise prices of the adjusted CoreLogic stock options and the number of shares subject to each such stock option reflects a mechanism that was intended to preserve the intrinsic value of the original stock option. The resulting CoreLogic stock options are subject to substantially the same terms, vesting conditions and other restrictions, if any, that were applicable to the FAC stock options immediately prior to the Separation.

Also, in connection with the Separation, on June 1, 2010, any unvested FAC RSUs granted to CoreLogic employees were converted into CoreLogic RSUs. The RSU grants were converted in a manner that was intended to preserve the fair market value of the FAC awards. The resulting CoreLogic RSU grants are subject to substantially the same terms, vesting conditions and other restrictions, if any, that were applicable to the FAC RSU grants immediately prior to the Separation.

FAC stock options and RSUs held by FAFC employees were canceled at the date of the Separation.

We primarily utilize stock options and RSUs as our stock-based compensation for employees and directors. The fair value of any RSU grant is based on the market value of our shares on the date of grant and is recognized as compensation expense over the vesting period.

For the nine months ended September 30, 2011, we awarded 733,207 RSUs, of which 432,198 were performance-based restricted stock units ("PBRSUs") with an estimated value of $12.7 million. The PBRSU awards will vest based on the attainment of certain performance goals relating to our adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") and earnings per share for the year ending December 31, 2013.

There was $1.6 million and $5.3 million in expense recognized for RSUs, excluding PBRSUs, in the three and nine months ended September 30, 2011, respectively.

In connection with the Separation, we awarded PBRSUs to certain key employees pursuant to the 2006 Plan, and subject to certain conditions in the grant agreement. A total of 366,154 PBRSUs were issued at an estimated value of $6.9 million. These awards will vest based on the attainment of certain performance goals relating to our adjusted EBITDA for the years ending December 31, 2011 through 2014 and 2015. There was $1.3 million and $2.2 million in expense recognized for PBRSUs in the three and nine months ended September 30, 2011, respectively.

As part of our acquisition of Dorado in March 2011, we assumed the acquired company's restricted stock unit plan and outstanding PBRSUs with an estimated value of $6.8 million. These awards will vest based on the attainment of certain performance goals relating to the acquired entity's revenues and EBITDA for the years ending December 31, 2011, 2012 and 2013.

RSU activity for the nine months ended September 30, 2011, is as follows:

(in thousands, except weighted average fair value prices)	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested restricted stock units outstanding at December 31, 2010	1,558	$18.40
Restricted stock units granted	733	$17.34
Performance stock units granted	432	$17.28
Restricted stock units forfeited	(225)	$17.63
Restricted stock units vested	(291)	$18.57
Nonvested restricted stock units outstanding at September 30, 2011	2,207	$17.86

As of September 30, 2011, there was $25.0 million of total unrecognized compensation cost related to nonvested RSUs that is expected to be recognized over a weighted-average period of 2.4 years. The fair value of RSUs is based on the market value of the Company's shares on the date of grant.

In 2011 and 2010, we issued CoreLogic stock options as incentive compensation for certain key employees. The exercise price of each stock option is the closing market price of our common stock on the date of grant. The stock options issued in 2011 generally vest equally over three years from the date of issuance and expire ten years after the date of grant. The stock options issued in 2010 generally vest equally over a four-year period (33% on the second, third, and fourth anniversaries) and expire ten years after the grant date. The fair values of these stock options were estimated using the Black-Scholes valuation model with the following weighted-average assumptions:

Expected dividend yield	—	%
Risk-free interest rate (1)	1.85	%
Expected volatility (2)	33.10	%
Expected life (3)	5.5	

(1) The risk-free interest rate for the periods within the contractual term of the options is based on the U.S. Treasury yield curve in effect at the time of the grant.

(2) The expected volatility is a measure of the amount by which a stock price has fluctuated or is expected to fluctuate based primarily on our and our peers' historical data.

(3) The expected life is the period of time, on average, that participants are expected to hold their options before exercise based primarily on our historical data.

Option activity for the nine months ended September 30, 2011, is as follows:

(in thousands, except weighted average price)	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding at December 31, 2010	5,129	$21.27		
Options granted	679	$16.41		
Options exercised	(160)	$17.13		
Options canceled	(768)	$21.63		
Options outstanding at September 30, 2011	4,880	$20.68	4.8	$—
Options vested and expected to vest at September 30, 2011	4,857	$20.69	4.8	$12
Options exercisable at September 30, 2011	3,344	$22.03	2.8	$12

As of September 30, 2011, there was $7.2 million of total unrecognized compensation cost related to nonvested CoreLogic stock options that is expected to be recognized over a weighted-average period of 2.7 years.

In addition to stock options and RSUs, we had an employee stock purchase plan ("ESPP") that allowed eligible employees to purchase common stock of the Company at 85.0% of the closing price on the last day of each quarter. We recognized an expense in the amount equal to the discount. The ESPP was a ten year long plan and expired by its terms on August 1, 2011.

The following table sets forth the stock-based compensation expense recognized for the three and nine months ended September 30, 2011 and 2010.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(in thousands)	2011	2010	2011	2010
Stock options	$578	$536	$1,719	$952
Restricted stock	2,860	2,092	7,504	10,172
Employee stock purchase plan	109	—	300	423
	$3,547	$2,628	$9,523	$11,547

Total stock-based compensation expense for the nine months ended September 30, 2010 includes expense related to FAFC totaling $2.6 million.

Note 11 - Acquisitions.

In March 2011, we completed our acquisition of the remaining interest in Dorado for $31.6 million in cash. Dorado is included as a component of the default and technology services reporting unit of the business and information services segment. We previously held a 39.0% equity method investment in this entity and as a result of the purchase price paid, we recognized a loss of $14.5 million on our existing investment in the fourth quarter of 2010. The purchase price was allocated to the assets acquired and liabilities assumed using a variety of valuation techniques including discounted cash flow analysis which included Level 3 inputs. We have recorded $18.9 million of goodwill, $20.4 million of customer lists with an estimated average life of 12 years, and $3.2 million of tradenames with an estimated average life of 5 years. The business combination did not have a material impact on our condensed consolidated financial statements.

In May 2011, we completed our acquisition of the remaining interest in RP Data for a cash purchase price of A$147.2 million or $157.2 million. RP Data is included as a component of the risk and fraud analytics reporting unit of the data and analytics segment. We previously held a 40.2% equity method investment in this entity and as a result of the purchase price paid and the change in control, we recognized a gain of $58.9 million on our existing investment in the second quarter of 2011. The purchase price was allocated to the assets acquired and liabilities assumed using a variety of valuation techniques including discounted cash flow analysis which included Level 3 inputs. We have recorded $162.7 million of goodwill, $46.7 million of of customer lists with an estimated average life of 8 years and $11.7 million of tradenames with an estimated average life of 10 years. The business combination did not have a material impact on our condensed consolidated financial statements.

We entered into forward purchase agreements totaling A$180.3 million to economically hedge a portion of the foreign currency exchange rate risk associated with the acquisition of RP Data. We recorded a gain of $1.8 million during the second quarter of 2011 when the agreements were terminated upon the closing of the acquisition in May 2011.

In September 2011, we completed our acquisition of Tarasoft, a Canadian provider of multiple listing services ("MLS"), for a cash purchase price of C$30.0 million or $30.3 million. Tarasoft is included as a component of the specialty finance solutions group of the data and analytics segment. The purchase price was allocated to the assets acquired and liabilities assumed using a variety of valuation techniques including discounted cash flow analysis which included Level 3 inputs. We have preliminarily recorded $13.5 million of goodwill, $2.7 million of customer lists with an estimated average life of 10 years, $0.4 million of tradenames with an estimated average life of 10 years and $0.2 million of noncompete agreements with an estimated average life of 5 years. We are in the process of finalizing the purchase price allocation and as a result, these allocations may change. The business combination did not have a material impact on our condensed consolidated financial statements.

Note 12 – Redeemable Noncontrolling Interests

In April 2010, we exercised our call option related to Experian Information Solutions Inc.'s ownership interest in the CoreLogic Real Estate Solutions, LLC joint venture. We paid the remaining purchase price of $313.8 million on December 31, 2010. We made a final profit distribution of $4.2 million and a tax distribution (based on the fourth quarter of 2010 profitability of the joint venture) of $0.1 million in the first quarter of 2011.

In March 2010, we entered into an agreement to acquire the 18% redeemable noncontrolling interest in CoreLogic Information Solutions Holdings, Inc. On March 29, 2010, we acquired half of the noncontrolling interests (approximately 9% of the total outstanding noncontrolling interests) in exchange for a cash payment of $72.0 million and agreed to acquire the remaining half of the noncontrolling interests in 2011 in exchange for additional consideration of $72.0 million. In February 2011, we agreed to pay all of the additional consideration in cash and we closed the transaction.

Note 13 – Commitments and Contingencies

Lease Commitments

We lease certain office facilities, automobiles and equipment under operating leases, which, for the most part, are renewable. The majority of these leases also provide that the Company is responsible for insurance and taxes.

Operational Commitments

On July 26, 2011, we entered into a definitive agreement with Cognizant Technology Solutions Corporation ("Cognizant"), under which an affiliate of Cognizant acquired CoreLogic India, our India-based captive operations. The purchase price for CoreLogic India was $50.0 million. As part of the transaction, we entered into a Master Professional Services Agreement ("Services Agreement") and supplement ("Supplement") with Cognizant under which Cognizant will provide a range of business process and information technology services to us. The Supplement has an initial term of seven years and we have the unilateral right to extend the term for up to three one-years periods. During the first five years of the agreement, we are subject to a net total minimum commitment of approximately $303.5 million, plus applicable inflation adjustments. In connection with the sale, we recorded $27.1 million of deferred gain on sale which is being recognized over the commitment period of five years.

Note 14 – Litigation and Regulatory Contingencies

We have been named in various lawsuits. In cases where we have determined that a loss is both probable and reasonably estimable, we have recorded a liability representing our best estimate of our financial exposure based on known facts. While the ultimate disposition of each such pending lawsuit is not yet determinable, we do not believe that the ultimate resolution of these cases, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flows.

In addition, we may from time to time be subject to audit or investigation by governmental agencies. Currently, governmental agencies are auditing or investigating certain of our operations, none of which are believed to be material at this time. We are also in litigation with governmental agencies regarding certain appraisal matters. With respect to matters where we have determined that a loss is both probable and reasonably estimable, we have recorded a liability representing our best estimate of the financial exposure based on known facts. While the ultimate disposition of each such audit or investigation is not yet determinable, we do not believe that the ultimate resolution of these matters either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flows.

At September 30, 2011, we have $5.4 million reserved for litigation and regulatory contingency matters.

FDIC

On May 9, 2011, the Federal Deposit Insurance Corporation (the “FDIC”), as Receiver of Washington Mutual Bank (“WaMu”), filed a complaint in the United States District Court for the Central District of California against CoreLogic Valuation Services, LLC, f/k/a eAppraiseIT, LLC (“eAppraiseIT”) and several of its current and former affiliates. The FDIC complaint alleges that eAppraiseIT was grossly negligent and breached its contract with WaMu in the provision of appraisal services in 2006 and 2007 relating to 194 residential mortgage loans and seeks to recover losses of at least $129.0 million that WaMu allegedly suffered. The FDIC complaint asserts claims against eAppraiseIT's parent corporations, including CoreLogic, Inc., pursuant to alter ego theories of liability. On August 1, 2011, all defendants filed a Motion to Dismiss the complaint in its entirety on a number of grounds, including that the FDIC's allegations in the complaint fail to state a plausible claim. We intend to defend against these claims vigorously; however, we may not be successful. At this time, we cannot predict the ultimate outcome of this claim or the potential range of damages, if any.

Class Action

On June 30, 2011, a purported class action was filed in the United States District Court for the Northern District of Illinois against Teletrack, Inc. ("Teletrack"), one of our subsidiaries. The complaint alleges that Teletrack has been furnishing consumer reports to third parties who did not have a permissible purpose to obtain them in violation of the Fair Credit Reporting Act, 15 U.S.C. §1681 et seq., and seeks to recover actual, punitive and statutory damages, as well as attorneys fees, litigation expenses and cost of suit. On September 20, 2011, we filed a Motion to Dismiss the complaint in its entirety. We intend to defend against this claim vigorously; however, we may not be successful. At this time, we cannot predict the ultimate outcome of this claim or the potential range of damages, if any.

Separation

As part of the Separation, we are responsible for a portion of FAFC’s contingent and other corporate liabilities. There were no amounts recorded at September 30, 2011.

In the Separation and Distribution Agreement, we agreed with FAFC to share equally in the cost of resolution of a small number of corporate-level lawsuits, including certain consolidated securities litigation matters from which we have since been dropped. There were no liabilities incurred in connection with the consolidated securities matters. Responsibility to manage each case has been assigned to either FAFC or us, with the managing party required to update the other party regularly and consult with the other party prior to certain important decisions such as settlement. The managing party will also have primary responsibility for determining the ultimate total liability, if any, related to the applicable case. We will record our share of any such liability when the responsible party determines a reserve is necessary in accordance with GAAP. At September 30, 2011, no reserves were considered necessary.

In addition, the Separation and Distribution Agreement provides for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of FAC’s financial services business with FAFC and financial responsibility for the obligations and liabilities of FAC’s information solutions business with us. Specifically, each party will, and will cause its subsidiaries and affiliates to, indemnify, defend and hold harmless the other party, its respective affiliates and subsidiaries and each of its respective officers, directors, employees and agents for any losses arising out of or otherwise in connection with the liabilities each such party assumed or retained pursuant to the

Separation and Distribution Agreement; and any breach by such party of the Separation and Distribution Agreement.

Note 15 – Discontinued Operations

As of September 30, 2011, we closed our marketing services business (LeadClick) and concluded we would actively pursue the sale of our consumer services (Consumer Credit Monitoring Services), transportation services (comprised of our American Driving Records and CompuNet Credit Services business units) and our wholly-owned appraisal management services businesses. As a result, each of these businesses is reflected in our condensed consolidated financial statements as discontinued operations and the results of these businesses in the prior years have been reclassified to conform to current periods.

Due to the closure of our marketing services business, we incurred total impairment charges of $139.5 million, of which $123.3 million was for goodwill, and $16.2 million was for intangibles. In addition, we incurred bad debt expense of $8.9 million for accounts receivable we deemed to be uncollectible. Finally, we incurred $1.8 million in expense to write-off various other assets and to accrue for expenses related to the closure of this business.

On December 22, 2010, the Company and STG-Fairway Holdings, LLC (the “Purchaser”), which is owned by affiliates of Symphony Technology Group, entered into a Purchase Agreement, pursuant to which we sold our employer and litigation services businesses ("ELI") to the purchaser. We also agreed to provide certain transition services to the Purchaser for up to one year following the closing. As a result of the sale, the businesses are reflected in our condensed consolidated financial statements as discontinued operations and the results of the businesses in the prior years have been reclassified to conform to the 2010 classification.

The businesses distributed as part of the Separation are presented within the condensed consolidated financial statements as discontinued operations. The net income from discontinued operations in the nine months ended September 30, 2010 includes an allocation of the income tax expense or benefit originally allocated to income from continuing operations. The amount of tax allocated to discontinued operations is the difference between the tax originally allocated to continuing operations and the tax allocated to the restated amount of income from continuing operations in each period.

Summarized below are the components of our income (loss) from discontinued operations for the three and nine months ended September 30, 2011 and 2010:

(in thousands)			Data and Analytics		Business Information		
For the three months ended September 30, 2011	FAFC	ELI	Marketing	Consumer	Transportation	Appraisal	Total Discontinued Operations
Operating revenue	$—	$—	$6,431	$22,877	$16,838	$12,463	$58,609
(Loss)/income from discontinued operations before income taxes	—	—	(152,675)	(13,384)	157	(3,066)	(168,968)
Income tax expense/(benefit)	—	—	(58,300)	(5,318)	58	(1,188)	(64,748)
(Loss)/income, net of tax	—	—	(94,375)	(8,066)	99	(1,878)	(104,220)
Less: Net income attributable to noncontrolling interests	—	—	—	—	—	—	—
(Loss)/income from discontinued operations, net of tax	$—	$—	$(94,375)	$(8,066)	$99	$(1,878)	$(104,220)
For the three months ended September 30, 2010							
Operating revenue	$—	$64,383	$12,873	$22,255	$17,119	$37,527	$154,157
(Loss)/income from discontinued operations before income taxes	—	(168,885)	(1,380)	3,493	411	2,777	(163,584)
Income tax expense/(benefit)	—	(23,303)	(552)	1,397	164	1,111	(21,183)
(Loss)/income, net of tax	—	(145,582)	(828)	2,096	247	1,666	(142,401)
Less: Net income attributable to noncontrolling interests	—	78	—	—	—	—	78
	$—	$(145,660)	$(828)	$2,096	$247	$1,666	$(142,479)

(Loss)/income from discontinued operations, net of tax

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			Data and Analytics		Business Information		
For the nine months ended September 30, 2011	FAFC	ELI	Marketing	Consumer	Transportation	Appraisal	Total Discontinued Operations
Operating revenue	$—	$—	$29,399	$73,443	$51,448	$60,012	$214,302
(Loss)/income from discontinued operations before income taxes	—	—	(166,342)	(7,603)	1,210	(7,741)	(180,476)
Income tax expense/(benefit)	—	—	(63,768)	(3,004)	479	(3,058)	(69,351)
(Loss)/income, net of tax	—	—	(102,574)	(4,599)	731	(4,683)	(111,125)
Less: Net income attributable to noncontrolling interests	—	—	—	—	—	—	—
(Loss)/income from discontinued operations, net of tax	$—	$—	$(102,574)	$(4,599)	$731	$(4,683)	$(111,125)
For the nine months ended September 30, 2010							
Operating revenue	$1,490,501	$172,063	$33,325	$68,143	$51,908	$110,479	$1,926,419
(Loss)/income from discontinued operations before income taxes	76,323	(170,642)	(5,070)	8,874	3,100	8,859	(78,556)
Income tax benefit	33,222	(23,975)	(2,029)	3,549	1,240	3,544	15,551
Income/(loss), net of tax	43,101	(146,667)	(3,041)	5,325	1,860	5,315	(94,107)
Less: Net loss attributable to noncontrolling interests	(419)	—	—	—	—	—	(419)
Income/(loss) from discontinued operations, net of	$43,520	$(146,667)	$(3,041)	$5,325	$1,860	$5,315	$(93,688)

tax

Summarized below are certain assets and liabilities classified as discontinued operation as of September 30, 2011 and December 31, 2010:

(in thousands)			Data Analytics		Business Information		
As of September 30, 2011	FAFC	ELI	Marketing	Consumer	Transportation	Appraisal	Total Discontinued Operations
Current assets	$—	$—	$7,347	$15,144	$12,225	$2,025	$36,741
Property and equipment,net	—	—	—	974	2,095	1,053	4,122
Goodwill and other identifiable intangible assets, net	—	—	—	4,709	7,551	22,252	34,512
Other assets	—	—	—	331	213	192	736
Total assets	$—	$—	$7,347	$21,158	$22,084	$25,522	$76,111
Total liabilities	$—	$—	$14,046	$12,232	$7,654	$8,573	$42,505
As of December 30, 2010							
Current assets	$—	$—	$23,393	$17,674	$19,594	$8,911	$69,572
Property and equipment,net	—	—	980	9,275	2,085	1,683	14,023
Goodwill and other identifiable intangible assets, net	—	—	142,792	4,996	7,825	22,330	177,943
Other assets	—	—	—	331	213	193	737
Total assets	$—	$—	$167,165	$32,276	$29,717	$33,117	$262,275
Total liabilities	$—	$—	$11,440	$9,386	$7,332	$12,004	$40,162

Note 16 – Transactions with FAFC

In connection with the Separation, we entered into various transition services agreements with FAFC effective June 1, 2010. The agreements include transitional services in the areas of information technology, tax, accounting and finance, employee benefits and internal audit. Except for the information technology services agreements, the transition services agreements are short-term in nature. For the three and nine months ended September 30, 2011, the net amount of $1.7 million and $4.8 million, respectively, (reflecting services provided by us to FAFC and from FAFC to us) was recognized as a reduction of other operating expenses in connection with the transition services agreements.

In the Separation and Distribution Agreement, we and FAFC agreed to share equally in the cost of resolution of a small number of corporate-level lawsuits, including certain consolidated securities litigation matters from which we have since been dropped. There were no liabilities incurred in connection with the consolidated securities matters. Responsibility to manage each case has been assigned to either FAFC or us, with the managing party required to update the other party regularly and consult with the other party prior to certain important decisions such as settlement. The managing party will also have primary responsibility for determining the ultimate total liability, if any, related to the cases. We will record our share of any such liability when the responsible party determines a reserve is necessary in accordance with GAAP. At September 30, 2011, no reserves were considered necessary. See further discussion at Note 14 – Litigation and Regulatory Contingencies.

Additionally, as part of the Separation, we entered into a Tax Sharing Agreement whereby FAFC is contingently liable for certain tax liabilities. We recorded a receivable for these contingent tax obligations from FAFC of $52.5 million and $59.7 million as of September 30, 2011 and December 31, 2010, respectively. The liability for income taxes associated with uncertain tax positions was $14.0 million and $14.1 million as of September 30, 2011 and December 31, 2010, respectively. See further discussion at Note 7 – Income Taxes.

On the record date for the Separation, we issued to FAFC shares of our common stock that resulted in FAFC owning 12.9 million shares of our common stock immediately following the Separation. There are no restrictions related to FAFC's ability to dispose of the shares and we retain a right of first offer on sales by FAFC. FAFC has agreed to dispose of the shares within five years after the Separation or to bear any adverse tax consequences arising out of holding the shares for longer than that period. On April 11, 2011, we purchased 4.0 million shares of our common stock from a wholly-owned subsidiary of FAFC for total consideration of $75.8 million based on a spot market price of our common stock on April 5, 2011 of $18.95 per share. The price per share was agreed upon by the parties during the trading day on April 5, 2011.

On June 1, 2010, we issued a promissory note to FAFC in the amount of $19.9 million that accrued interest at a rate of 6.52% annually. Interest was first due on July 1, 2010 and quarterly thereafter. The note approximated the unfunded portion of the benefit obligation attributable to participants in the FAC defined benefit pension plan that were our employees. The balance outstanding on the note was $18.8 million at December 31, 2010 and was paid in full as of September 30, 2011.

FAFC owns two office buildings that are leased to us under the terms of certain lease agreements. Rental expense associated with these properties totaled $1.1 million and $3.3 million for the three and nine months ended September 30, 2011 and 2010.

During the three and nine months ended September 30, 2011 and 2010, we entered into commercial transactions with affiliates of FAFC. The revenue associated with these transactions, which primarily relate to sales of data and other settlement services totaled $3.5 million and $11.6 million for the three and nine months ended September 30, 2011, respectively, and $4.6 million and $14.3 million for the three and nine months ended September 30, 2010, respectively. The expenses related to these transactions, which primarily related to purchase of data and other settlement services, totaled $0.2 million and $3.9 million for the three and nine months ended September 30, 2011, respectively, and $3.7 million and $8.4 million for the three and nine months ended September 30, 2010.

Note 17 – Segment Information

In connection with the Separation, we reorganized our reportable segments into three reportable segments. On December 30, 2010, we completed the sale of ELI and as a result we currently have two reportable segments. During the first quarter of 2011, we changed the management oversight for our marketing services business and moved it from the corporate and eliminations group into the specialty finance component of our data and analytics segment. As of September 30, 2011, we closed our marketing services business. Furthermore, we are actively seeking the sale of our consumer services (Consumer Credit Monitoring Services), transportation services (comprised of our American Driving Records and CompuNet Credit Services business units) and our wholly-owned appraisal management businesses which are all presented as discontinued operations as of September 30, 2011. Consumer services was formerly included in the specialty finance component of our data and analytics segment. Transportation services was formerly included in the default and technology services component of our business and information services segment. Appraisal management services was formerly included in the mortgage origination services component of our business and information services segment. Prior period financial results have been recast to conform to this presentation.

- Data and Analytics: Our data and analytics segment owns or licenses data assets including loan information, criminal and eviction records, employment verification, property characteristic information and information on mortgage-backed securities. We both license our data directly to our customers and provide our customers with analytical products for risk management, collateral assessment, loan quality reviews and fraud assessment. Our primary customers are commercial banks, mortgage lenders and brokers, investment banks, fixed-income investors, real estate agents, property and casualty insurance companies, title insurance companies and government-sponsored enterprises.

Our data and analytics segment has two components: risk and fraud analytics, which is primarily oriented toward utilizing our property, mortgage and other data assets in custom and packaged risk management solutions, and our specialty finance solutions, which provides our credit, broker, and MLS products.

Our data and analytics segment includes inter-company revenues of $3.3 million and $11.2 million for the three and nine months ended September 30, 2011 compared to $2.9 million and $11.9 million for the three and nine months ended September 30, 2010. The segment also includes inter-company expenses of $5.1 million and $17.7 million for the three and nine months ended September 30, 2011 and $4.5 million and $13.8 million for the three and nine months ended September 30, 2010.

• Business and Information Services: Our business and information services segment provides tax monitoring, flood zone certification and monitoring, mortgage default management services, mortgage loan administration and production services, mortgage-related business process outsourcing and property valuation and management services. We are also a provider of geospatial proprietary software and databases combining geographic mapping and data. The segment's primary customers are large, national mortgage lenders and servicers, but we also serve regional mortgage lenders and brokers, credit unions, commercial banks, government agencies and property and casualty insurance companies.

Our business and information services segment has two components: mortgage origination services, which is focused on the mortgage origination and servicing industry, and default and technology services, which is primarily oriented toward services required by owners/servicers of troubled mortgage assets and toward providing custom outsourcing solutions for a wide range of customers.

Our business and information services segment includes intercompany revenues of $2.3 million and $3.3 million for the three and nine months ended September 30, 2011 compared to $0.4 million and $2.9 million for the three and nine months ended September 30, 2010. The segment also includes inter-company expenses of $8.1 million and $30.0 million for the three and nine months ended September 30, 2011 and $9.8 million and $27.1 million for the three and nine months ended September 30, 2010.

Corporate and eliminations consists primarily of investment gains and losses, corporate personnel, and other operating expenses associated with our corporate facilities, certain technology initiatives, equity in earnings of affiliates, net of tax, unallocated interest expense and elimination of inter-company revenues included in the results of the reportable segments.

Selected financial information by reportable segment is as follows:

(in thousands)

For three months ended September 30, 2011	Operating Revenue	Depreciation and Amortization	Income/(Loss) From Continuing Operations	Capital Expenditures
Data and Analytics	$184,509	$23,495	$30,017	$4,288
Business and Information Services	169,587	6,891	36,915	4,463
Corporate and Eliminations	(5,650)	4,458	(69,824)	2,133
Consolidated (excluding discontinued operations)	$348,446	$34,844	$(2,892)	$10,884
For three months ended September 30, 2010				
Data and Analytics	$161,185	$12,913	$38,951	$2,827
Business and Information Services	174,955	4,902	52,738	2,736
Corporate and Eliminations	(5,994)	5,680	(32,253)	9,357
Consolidated (excluding discontinued operations)	$330,146	$23,495	$59,436	$14,920
For nine months ended September 30, 2011				
Data and Analytics	$514,216	$52,337	$117,655	$13,295
Business and Information Services	493,542	17,748	102,434	10,827
Corporate and Eliminations	(14,609)	14,075	(160,272)	9,436
Consolidated (excluding discontinued operations)	$993,149	$84,160	$59,817	$33,558
For nine months ended September 30, 2010				
Data and Analytics	$464,374	$38,773	$99,597	$9,207
Business and Information Services	511,371	14,579	138,494	7,255
Corporate and Eliminations	(10,835)	18,846	(155,362)	29,272
Consolidated (excluding discontinued operations)	$964,910	$72,198	$82,729	$45,734

(in thousands)

Assets	September 30, 2011	December 31, 2010
Data and Analytics	$1,391,144	$1,169,766
Business and Information Services	1,156,085	1,027,062
Corporate and Eliminations	498,764	777,277
Consolidated (excluding discontinued operations)	$3,045,993	$2,974,105

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and certain information incorporated herein by reference contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements included or incorporated by reference in this Quarterly Report, other than statements that are purely historical, are forward-looking statements. Words such as "anticipate," "expect," "intend," "plan," "believe," "seek," "estimate "should," "would," "could," "may," and similar expressions also identify forward-looking statements. The forward-looking statements include, without limitation, statements regarding our future operations, financial condition and prospects, operating results, revenues and earnings liquidity, our ability to satisfy anticipated operational cash requirements, debt service and other contractual obligations, our access to liquidity sources for new borrowings, our appraisal revenues and earnings throughout 2011, our estimated income tax rate, unrecognized tax positions, amortization expenses, the impact of recent accounting pronouncements, our plans to maintain significant cash balances outside of the U.S., the planned divestiture of our consumer services, transportation services and appraisal management companies, our long-term strategy regarding acquisitions, divestitures and joint ventures, the outcome of our evaluation of strategic alternatives, as announced on August 29, 2011, the potential outcome and estimates related to our litigation, the level of aggregate U.S. mortgage originations and applications and inventory of delinquent mortgage loans and loans in foreclosure, the effect of the disposition or work-out of delinquent mortgage loans and loans in foreclosure, estimates related to our purchase price allocations, our ability to access additional liquidity and the reasonableness of the carrying value related to specific financial assets and liabilities.

Our expectations, beliefs, objectives, intentions and strategies regarding the future results are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from results contemplated by our forward-looking statements. These risks and uncertainties include, but are not limited to:

- limitations on access to data from external sources, including government and public record sources;
- changes in applicable government legislation, regulations and the level of regulatory scrutiny affecting our customers or us, including with respect to consumer financial services and the use of public records and consumer data, which may, among other things, limit the manner in which we conduct business with our customers;
- compromises in the security of our data transmissions, including the transmission of confidential information or systems interruptions;
- difficult conditions in the mortgage and consumer credit industry, including the continued decline in mortgage applications, declines in the level of loans seriously delinquent, and continued delays in the default cycle, the state of the securitization market, increased unemployment, and conditions in the economy generally;
- our ability to bring new products to market and to protect proprietary technology rights;
- our ability to identify suitable acquisition targets, obtain necessary capital and complete such transactions on satisfactory terms;
- risks related to our evaluation of strategic alternatives;
- risks related to our international operations;

- risks related to our outsourcing of various business processes and information services to third parties, including potential disruptions to our operations and the services we provide to our customers and inability to achieve cost savings;

- consolidation among our significant customers and competitors;

- impairments in our goodwill or other intangible assets; and

- the inability to realize the benefits of the Separation (as defined below) as a result of the factors described immediately above, as well as, among other factors, increased borrowing costs, competition between the resulting companies, increased operating or other expenses or the triggering of rights and obligations by the transaction or any litigation arising out of or related to the Separation.

The forward-looking statements in this Quarterly Report on Form 10-Q are subject to additional risks and uncertainties set forth in Item 1A of Part II below, and are based on information available to us on the date hereof. Because of these risk factors, as well as other variables affecting our financial condition, results of operations or cash flows, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. We assume no obligation to update any forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of the filing of this Quarterly Report on Form 10-Q.

This Management's Discussion and Analysis contains certain financial measures, in particular presentation of certain balances excluding the impact of acquisitions and other non-recurring items that are not presented in accordance with generally accepted accounting principles (“GAAP”). We present these non-GAAP financial measures because they provide our management and readers of this Report with additional insight into our operational performance compared to earlier periods and relative to our competitors' performance. We do not intend for these non-GAAP financial measures to substitute for any GAAP financial information. Readers should use these non-GAAP financial measures only in conjunction with the comparable GAAP financial measures.

We use earnings before interest, taxes, depreciation and amortization (“EBITDA”) to evaluate our operating performance, to compute certain management bonuses and to evaluate compliance with covenants in our revolving credit facility. We believe that EBITDA is an important indicator of operating performance because EBITDA excludes the effects of financing and investing activities by eliminating the effects of interest, depreciation and goodwill impairment costs. Investors should not use EBITDA as the sole basis for formulating investment decisions, as it excludes a number of important items and has inherent limitations. We compensate for these limitations by also using GAAP financial measures to manage our business.

OVERVIEW

Separation Transaction

On June 1, 2010, The First American Corporation ("FAC") completed a transaction (the "Separation") by which it separated into two independent, publicly traded companies through a distribution (the "Distribution") of all of the outstanding shares of its subsidiary, First American Financial Corporation ("FAFC"), to the holders of FAC's common shares, par value $1.00 per share as of May 26, 2010. After the Distribution, FAFC owned the businesses that comprised FAC's financial services businesses and FAC retained its information solutions businesses.

On May 18, 2010, the shareholders of FAC approved a separate transaction pursuant to which FAC changed its place of incorporation from California to Delaware (the "Reincorporation"). The Reincorporation became effective June 1, 2010. To effect the Reincorporation, FAC and CoreLogic, which was a wholly-owned subsidiary of FAC incorporated in Delaware, entered into an agreement and plan of merger (the "Merger Agreement"). Pursuant to the Merger Agreement, FAC merged with and into CoreLogic with CoreLogic continuing as the surviving corporation.

To effect the Separation, the Company and FAFC entered into a separation and distribution agreement (the "Separation and Distribution Agreement") that governs the rights and obligations of the Company and FAFC regarding the Distribution. The Separation and Distribution Agreement also governs the relationship between the Company and FAFC subsequent to the completion of the Separation and provides for the allocation between the Company and FAFC of FAC's assets and liabilities. In connection with the Separation, the Company and FAFC also entered into a Tax Sharing Agreement (as described in Note 7 - Income Taxes), a Restrictive Covenants Agreement, and we issued a promissory note to FAFC relating to certain pension liabilities, which was paid in full as of September 30, 2011.

While we are a party to the Separation and Distribution Agreement and various other agreements relating to the Separation, we have determined that we have no material continuing involvement in FAFC's operations. As a result of the Separation, we reflect the FAFC businesses in our condensed consolidated financial statements as discontinued operations. The results of the FAFC businesses in prior years have been reclassified to conform to the 2010 classification. See Note 15 - Discontinued Operations for additional disclosures.

As part of the Separation, we are responsible for a portion of FAFC's contingent and other corporate liabilities. There were no amounts recorded as FAFC liabilities at September 30, 2011.

As part of the Distribution, on May 26, 2010 we issued to FAFC approximately $250.0 million of our issued and outstanding common shares, or 12,933,265 shares. Based on the closing price of our stock on June 1, 2010, the value of the equity issued to FAFC was $242.6 million. As a result, we paid FAFC $7.4 million to arrive at the full value of $250.0 million. As a condition to the Separation, FAFC is expected to dispose of the shares by June 1, 2015. On April 11, 2011, we purchased 4.0 million shares of our common stock from a wholly-owned subsidiary of FAFC for total consideration of $75.8 million based on a spot market price of our common stock on April 5, 2011 of $18.95 per share. The price per share was agreed upon by the parties during the trading day on April 5, 2011.

Acquisition and Divestiture Activity

Acquisition of Dorado Network Systems Corporation. In March 2011, we completed our acquisition of the remaining controlling interest in Dorado Network Systems Corporation (“Dorado”), a provider of open-technology platforms to mortgage originators, for $31.6 million in cash. Dorado is included as a component of the default and technology services component of the business and information services segment.

Investment in Speedy Title & Appraisal Review Services LLC. In March 2011, we acquired a 50.1% interest in Speedy Title & Appraisal Review Services LLC ("STARS"). Our initial investment in the joint venture was $20.0 million and we also issued a note payable for an additional $15.0 million of consideration, which is non-interest bearing and discounted to $12.7 million as of March 31, 2011.

Sale of Investment in DealerTrack Holdings, Inc. During the first quarter of 2011, we disposed of our remaining investment in DealerTrack Holdings, Inc. ("DealerTrack"), a provider of software services to the automotive industry. The sale of this investment, which was accounted for as a marketable equity security, generated a $24.9 million pre-tax gain in the first quarter of 2011.

Acquisition of RP Data Limited. In May 2011, we completed our acquisition of the remaining controlling interest in RP Data Limited (“RP Data”) for A$147.2 million or $157.2 million. RP Data is an Australian based provider of residential and commercial property information, including real estate data, electronic property valuations and consumer reports, throughout Australia and New Zealand. RP Data is included as a component of the risk and fraud analytics reporting unit of the data and analytics segment.

Acquisition of Tarasoft Corporation. In September 2011, we completed our acquisition of Tarasoft Corporation ("Tarasoft"), a provider of multiple listing service ("MLS"), for for a cash purchase price of C$30.0 million or $30.3 million. Tarasoft is included as a component of the specialty finance solutions group of the data and analytics segment.

Divestiture of Non-Core Businesses. As of September 30, 2011, we closed our marketing services business (Leadclick) and concluded we would actively pursue the sale of our consumer services (Consumer Credit Monitoring Services), transportation services (comprised of our American Driving Records and CompuNet Credit Services business units) and our wholly-owned appraisal management businesses.

We continually evaluate our business mix and seek to optimize our business structure through acquisitions, divestitures and joint ventures with a view to promoting our long-term strategy. We will continue to evaluate our existing businesses, including our default related businesses, for alignment with our long-term strategy.

Business Overview

We are a leading provider of property, financial and consumer information, analytics and services to mortgage originators and servicers, financial institutions and other businesses and government entities. Our data, query, analytical and business outsourcing services help our customers to identify, manage and mitigate credit and interest rate risk. We have more than one million users who rely on our data and predictive decision analytics to reduce risk, enhance transparency and improve the performance of their businesses.

We believe that we offer our customers access to among the most comprehensive databases of public, contributory and proprietary data covering real property and mortgage information, judgments and liens, parcel and geospatial data, criminal background records, national coverage eviction information, non-prime lending records, credit information, and tax information, among other data types. Our databases include over 700 million historical property transactions, over 93 million mortgage applications and property-specific data covering approximately 99% of U.S. residential properties exceeding 145 million records. We believe that the quality of the data we offer is distinguished by our broad range of data sources and our core expertise in aggregating, organizing, normalizing, processing and delivering data to our customers.

With our data as a foundation, we have built strong analytics capabilities and a variety of value-added business services to meet our customers' needs for mortgage and automotive credit reporting, property tax, property valuation, flood plain location determination and other geospatial data, data, analytics and related services.

Reportable segments

In connection with the Separation, we reorganized our reportable segments into three reportable segments. On December 30, 2010, we completed the sale of our employer and litigation services businesses and as a result we currently have two reportable segments. During the first quarter of 2011, we changed the management oversight for our marketing services group and moved it from the corporate and eliminations group into the specialty finance component of our data and analytics segment. As of September 30, 2011, we closed our marketing services business. Furthermore the Company is actively seeking the sale of our consumer services (Consumer Credit Monitoring Services), transportation services (comprised of our American Driving Records and CompuNet Credit Services business units) and our wholly-owned appraisal management businesses. which are all presented as discontinued operations as of September 30, 2011. Consumer services was formerly included in the specialty finance component of our data and analytics segment. Transportation services was formerly included in the default and technology services component of our business and information services segment. Appraisal management services was formerly included in the mortgage origination services component of our business and information services segment. Prior period financial results have been recast to conform to this presentation.

- Data and Analytics: Our data and analytics segment offers access to data assets including loan information, criminal and eviction records, employment verification, property characteristic information, images of publicly recorded documents relating to real property, and information on mortgage-backed securities. We license our data directly to our customers and provide our customers with analytical products and services for risk management, collateral assessment, and fraud prediction. Our primary customers are commercial banks, mortgage lenders and brokers, investment banks, fixed-income investors, real estate agents, property and casualty insurance companies, title insurance companies and government-sponsored enterprises.

Our data and analytics segment has two components: risk and fraud analytics, which is primarily oriented toward utilizing our property, mortgage and other data assets in custom and packaged risk management solutions, and our specialty finance solutions, which provides our credit, broker, and multiple listing services products.

Most of the businesses included in the risk and fraud analytics group are database intensive and have a relatively high proportion of fixed costs. As a result, profit margins generally decline as revenues decrease. The specialty finance solutions group has a more variable cost structure and, therefore, has margins that typically perform more consistently. Revenues for the data and analytics segment are dependent on real estate activity in part, but are less cyclical because the data and analytics segment has a more diversified customer base and a greater percentage of subscription-based revenue.

- Business and Information Services: Our business and information services segment provides tax monitoring, flood zone certification and monitoring, mortgage default management services, mortgage loan administration and production services, mortgage-related business process outsourcing and property valuation and management services. We are also a provider of geospatial proprietary software and databases combining geographic mapping and data. The segment's primary customers are large, national mortgage lenders and servicers, but we also serve regional mortgage lenders and brokers, credit unions, commercial banks, government agencies and property and casualty insurance companies.

Our business and information services segment has two components: mortgage origination services, which is focused on the mortgage origination and servicing industry, and default and technology services, which is primarily oriented toward services required by owners/servicers of troubled mortgage assets and toward providing custom outsourcing solutions for a wide range of customers.

Most of the businesses included in the mortgage origination services group have a relatively high proportion of fixed costs due to the ongoing servicing nature of the operations. The group's appraisal businesses, in contrast, have a higher level of variable costs. The businesses within the default and technology services group typically have a high level of variable costs. Revenues for the mortgage originations services group are primarily dependent on the level of mortgage origination and servicing activity while default and technology services group revenues are generally tied to the level of troubled loan activity in the United States.

RESULTS OF OPERATIONS

Summary

The majority of our revenues are associated with U.S. residential real estate and mortgage transactions and ongoing servicing related to such transactions. We believe that the volume of real estate transactions is primarily affected by real estate prices, the availability of funds for mortgage loans, mortgage interest rates, employment levels and the overall state of the U.S. economy. For the three and nine months ended September 30, 2011, 44.1% and 45.7% of our revenues were related to real estate mortgage origination and non-default related servicing, respectively. Approximately 40.6% and 42.0% of our operating revenues for the three and nine months ended September 30, 2011, respectively, were generated from the ten largest United States mortgage originators. During the third quarter of 2011, we experienced a rebound in both mortgage application and origination volumes relative to the second quarter of 2011 due to actions taken by the Federal Reserve in August of 2011. Based on statistics published by the Mortgage Bankers' Association ("MBA") and data from significant mortgage originators, we estimate that total mortgage originations decreased approximately 24.4% in the third quarter of 2011 relative to the same period of 2010 and increased approximately 9.1% relative to the second quarter of 2011. Moreover, MBA estimates that mortgage applications decreased 22.4% in the third quarter of 2011 relative to the same period of 2010 and increased 27.7% relative to the second quarter of 2011. Given that many of our origination-related products and services are provided early in the origination cycle, application volumes are a leading indicator of demand for these products and services. Due to continued economic weakness, the specter of regulatory change, tighter lending standards, and continued weak housing markets, we expect the level of aggregate United States mortgage originations to remain under pressure for the foreseeable future.

Based on our internal estimates, the level of loans seriously delinquent (loans delinquent 90 days or more) or in foreclosure decreased approximately 9.2% in the quarter ending September 30, 2011 relative to quarter ending September 30, 2010. Additionally, based on our internal analyses and market estimates, we believe that the inventory of seriously delinquent mortgage loans and loans in foreclosure is decreasing and the market is continuing to experience a delay in processing these troubled loans.

During the third quarter of 2011, we determined five businesses would be exited (see Note 15 - Discontinued Operations) in order to increase the focus on the Company's core operations and to improve overall profitability. In addition, we established certain cost reduction targets in the areas of information technology, corporate overhead, real estate, and procurement in order to enhance the Company's profitability profile. As a result of these exits and our cost reduction initiatives, we believe the Company is better positioned to achieve improved future financial results.

On a consolidated basis, our operating revenues increased 5.5% and 2.9% for the three and nine months ended September 30, 2011, respectively, when compared to the same periods of the prior year. Data and analytics segment operating revenues increased 14.5% and 10.7% for the three and nine months ended September 30, 2011, respectively, when compared to the same periods of the previous year, due to higher levels of data licensing, capital markets project-based revenues and the impact of acquisition activity. Business and information services segment operating revenues decreased 3.1% and 3.5% for the three and nine months ended September 30, 2011, respectively, when compared to the same periods of the previous year, due to lower mortgage origination volumes and default-related activity, partially offset by the impact of acquisition activity.

Our total operating expense increased 12.7% and 4.0% for the three and nine months ended September 30, 2011, when compared to the same periods of the prior year due to higher professional fees, higher operating expenses from acquisitions and higher depreciation and amortization expense due to write-offs of approximately $5.3 million relating to certain non-performing assets. Corporate costs of FAC up to the Separation date totaled $69.0 million for the nine months ended September 30, 2010.

Net loss was $107.2 million and $52.5 million for the three and nine months ended September 30, 2011, respectively. Net loss was $93.4 million and $39.6 million for the three and nine months ended September 30, 2010, respectively. The increase in net loss for the three months ended September 30, 2011 as compared to the prior comparative period was primarily due to higher income tax expense of $26.1 million resulting from the high income tax rate in 2011 impacted by discrete items, professional expenses related to our efficiency initiatives of $10.1 million, higher depreciation and amortization of $11.3 million, higher interest expense of $6.3 million and higher other expenses of $26.9 million partially offset by higher revenues of $18.3 million, lower loss from discontinued operations of $38.3 million, and lower non-controlling interests of $10.3 million.

The increase in our net loss for the nine months ended September 30, 2011 was primarily due to higher income tax expense of $72.6 million resulting from the high income tax rate in 2011 impacted by discrete items, higher loss from discontinued operations of $17.4 million, higher interest expense of $22.5 million, higher professional expenses primarily related to our efficiency initiatives of $18.5 million, higher depreciation and amortization of $12.0 million, and higher other expenses of $12.0 million partially offset by higher gain on investments of $87.4 million, higher revenues of $28.2 million, and lower non-controlling interests of $27.5 million.

As of September 30, 2011, we closed our marketing services business and concluded we would actively pursue the sale of our consumer services (Consumer Credit Monitoring Services), transportation services (comprised of our American Driving Records and CompuNet Credit Services business units) and our wholly-owned appraisal management businesses. As a result, each of these businesses is reflected in our condensed consolidated financial statements as discontinued operations and the results of these businesses in the prior years have been reclassified as discontinued operations to conform to current period presentation. Due to the closure of our marketing services business, we incurred total impairment charges of $139.5 million, of which $123.3 million was for goodwill, and $16.2 million was for intangibles. In addition, we incurred bad debt expense of $8.9 million for accounts receivable we deemed to be uncollectible. Finally, we incurred $1.8 million in expense to write-off various other assets and to accrue for expenses related to the closure of this business.

On December 30, 2010, we sold our employer and litigation services businesses and the results of operations for those businesses are included as discontinued operations for all prior periods presented.

The loss from discontinued operations, net of tax was $104.2 million and $111.1 million for the three and nine months ended September 30, 2011 and $142.5 million and $93.7 million for the three and nine months ended September 30, 2010.

Net income attributable to noncontrolling interests was $0.1 million and $1.1 million for the three and nine months ended September 30, 2011, respectively. Net income attributable to noncontrolling interests was $10.4 million and $28.6 million for the three and nine months ended September 30, 2010, respectively. The decrease in net income attributed to noncontrolling interests is largely due to our purchase of the remaining redeemable noncontrolling interests during the first quarter of 2011.

The ongoing tightening of mortgage credit, delays in the default cycle and the general economic and regulatory uncertainty continue to negatively affect the demand for many of our products and services. These conditions also continue to affect many of our customers. If these challenges persist for us and our customers, they could negatively affect our revenue, earnings and liquidity. For additional information related to our results of operations for each of our reportable segments please see the discussions under “Data and Analytics” and “Business and Information Services” below.

As noted above, our historical consolidated financial statements have been recast to account for our marketing services business, our consumer services, transportation services, appraisal management businesses, FAFC and our employer and litigation services businesses as discontinued operations for all periods presented. Accordingly, we have reflected the results of operations of these businesses as discontinued operations in the condensed consolidated statements of operations and the condensed consolidated statements of cash flows.

Unless otherwise indicated, the Management’s Discussion and Analysis of Financial Condition and Results of Operations in this Annual Report on Form 10-Q relate solely to the discussion of our continuing operations.

Data and Analytics

(in thousands, except percentages)	For the Three Months Ended September 30, 2011	September 30, 2010	$ Change	% Change	For the Nine Months Ended September 30, 2011	September 30, 2010	$ Change	% Change
Operating revenues	$184,509	$ 161,185	$23,324	14.5 %	$514,216	$ 464,374	$49,842	10.7 %
External cost of revenues	31,063	29,144	1,919	6.6 %	88,578	81,165	7,413	9.1 %
Salaries and benefits	55,536	50,318	5,218	10.4 %	158,712	150,639	8,073	5.4 %
Other operating expenses	45,513	33,498	12,015	35.9 %	126,807	99,484	27,323	27.5 %
Depreciation and amortization	23,495	12,913	10,582	81.9 %	52,337	38,773	13,564	35.0 %
Total operating expenses	155,607	125,873	29,734	23.6 %	426,434	370,061	56,373	15.2 %
Income from operations	28,902	35,312	(6,410)	(18.2)%	87,782	94,313	(6,531)	(6.9)%
Total interest (expense)/income, net	(153)	(46)	(107)	232.6 %	499	(909)	1,408	(154.9)%
(Loss)/gain on investment and other income	(821)	(382)	(439)	114.9 %	24,076	370	23,706	6,407.0 %
Income from continuing operations before income taxes	27,928	34,884	(6,956)	(19.9)%	112,357	93,774	18,583	19.8 %
Provision for income taxes	—	—	—	— %	—	—	—	— %
Income from continuing before equity in earnings of affiliates	27,928	34,884	(6,956)	(19.9)%	112,357	93,774	18,583	19.8 %
Equity in earnings of affiliates	2,089	4,067	(1,978)	(48.6)%	5,298	5,823	(525)	(9.0)%
Income from continuing operations	$30,017	$ 38,951	$(8,934)	(22.9)%	$117,655	$ 99,597	$18,058	18.1 %
Income from continuing operations	$30,017	$ 38,951	$(8,934)	(22.9)%	$117,655	$ 99,597	$18,058	18.1 %
Depreciation and amortization	23,495	12,913	10,582	81.9 %	52,337	38,773	13,564	35.0 %
Total interest expense/(income), net	153	46	107	232.6 %	(499)	909	(1,408)	(154.9)%
EBITDA	$53,665	$ 51,910	$1,755	3.4 %	$169,493	$ 139,279	$30,214	21.7 %

Operating Revenues

Operating revenues for the data and analytics segment were $184.5 million and $514.2 million for the three and nine months ended September 30, 2011, respectively, an increase of $23.3 million, or 14.5%, and $49.8 million, or 10.7%, when compared with the respective periods of the prior year. Acquisition activity contributed revenues of $18.0 million and $28.7 million in the three and nine months ended September 30, 2011, respectively.

Operating revenues for the risk and fraud analytics group totaled $126.5 million and $347.3 million for the three and nine months ended September 30, 2011, respectively, an increase of $26.2 million, or 26.2%, and $53.8 million, or 18.3%, over the respective periods of the prior year. Acquisition activity accounted for $17.7 million and $28.4 million of the increase for the three and nine months ended September 30, 2011, respectively. Excluding acquisition activity, the increases are due primarily to increased data licensing, capital markets project-based revenues and document retrieval services.

Operating revenues for the specialty finance solutions group totaled $58.0 million and $167.0 million for the three and nine months ended September 30, 2011, respectively, a decrease of $2.9 million, or 4.8%, and $3.9 million, or 2.3%, over the respective periods of the prior year. Acquisition activity accounted for $0.4 million of operating revenues for the three and nine months ended September 30, 2011. Group revenues decreased due to lower volumes of mortgage-related credit orders and lower multiple listing services solutions revenues as membership counts declined due to market conditions.

External Cost of Revenues

Data and analytics external cost of revenues were $31.1 million and $88.6 million for the three and nine months ended September 30, 2011, respectively, an increase of $1.9 million, or 6.6%, and $7.4 million, or 9.1%, over the respective periods of the prior year.

External cost of revenues for the risk and fraud analytics group were $10.7 million and $31.0 million for the three and nine months ended September 30, 2011, respectively, an increase of $2.4 million, or 28.7%, and $4.9 million, or 18.9%, over the respective periods of the prior year. Acquisition activity accounted for $1.8 million and $2.6 million of the increase for the three and nine months ended September 30, 2011, respectively. Excluding acquisition activity, the increase is primarily due to product mix shift relating to the increase in capital markets project-based revenues and document retrieval services.

External cost of revenues for the specialty finance solutions group totaled $20.4 million and $57.6 million for the three and nine months ended September 30, 2011, respectively, a decrease of $0.5 million, or 2.2%, and an increase of $2.5 million, or 4.5%, over the respective periods of the prior year. The increase for the nine months ended September 30, 2011 was primarily the result of higher credit information acquisition costs experienced in the current year.

Salaries and Benefits

Salaries and benefits for the data and analytics segment were $55.5 million and $158.7 million for the three and nine months ended September 30, 2011, respectively, an increase of $5.2 million, or 10.4%, and