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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2001**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from        to**

**Commission File No. 001-16427**

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**Certegy Inc.**

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

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

**58-2606325**  
*(I.R.S. Employer  
Identification No.)*

**11720 Amber Park Drive  
Alpharetta, Georgia**  
*(Address of principal executive offices)*

**30004**  
*(Zip Code)*

**Registrant's telephone number, including area code:**

**(678) 867-8000**

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

**Title of each class:**

**Name of each exchange on which registered:**

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Common Stock, par value \$0.01 per share  
Common Stock Purchase Rights

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New York Stock Exchange  
New York Stock Exchange

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

**None**  
**(Title of Class)**

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

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

Based on the closing sale price of \$37.15 as reported by the New York Stock Exchange on February 28, 2002, the aggregate market value of the registrant's common stock held by nonaffiliates was \$2,114,874,308. The number of shares outstanding of the registrant's common stock, \$0.01 par value per share, was 69,011,054 as of February 28, 2002.

**DOCUMENTS INCORPORATED BY REFERENCE**

The Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2002 is incorporated by reference, to the extent indicated under Items 10, 11, 12, 13, and 14, into Parts III and IV of this Form 10-K.

The Annual Report to Security Holders for the fiscal year ended December 31, 2001 is incorporated by reference, to the extent indicated under Items 6, 7, 8, and 14, into Parts II and IV of this Form 10-K.

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**PART I**

**Item 1. Business**

***Brief History***

Certegy Inc. provides credit and debit card processing and check risk management services to financial institutions and merchants throughout the world. Last year, we processed over 1.9 billion payment transactions, serviced over 34 billion card accounts, and authorized over \$32 billion of check transactions worldwide. Our business is comprised of two segments, Card Services and Check Services. Card Services provides card issuer services in the U.S., the U.K., Brazil, Chile, Australia, New Zealand, Ireland, France, and Spain. Additionally, Card Services provides merchant processing services in the U.S., e-banking services in the U.S., the U.K., Brazil, and Chile, and card issuer software, support and consulting services in numerous countries. Check Services provides check risk management services and related processing services in the U.S., the U.K., Canada, France, Ireland, Australia, and New Zealand.

Originally founded as Telecredit in 1961, our business pioneered the check risk management industry in the U.S. and Canada. Through the development of a centralized electronic database of consumer check-writing histories, Telecredit delivered real-time check authorization decisions to merchants at the point-of-sale. Through an acquisition in 1977, the business was expanded to include credit card processing. Subsequently, we have added merchant processing, debit card processing and e-banking services to our Card Services segment, and check cashing risk management services and check collections to our Check Services segment. In 1990, Equifax Inc. acquired Telecredit, and continued to operate the card and check businesses, through separate subsidiaries, as its Payment Services division. While part of Equifax, both Card Services and Check Services expanded outside of North America through a combination of joint ventures, acquisitions and local start-ups.

***Spin-off from Equifax***

On March 2, 2001, we were incorporated in the State of Georgia as a wholly-owned subsidiary of Equifax under the name Equifax PS, Inc. On July 7, 2001, following Equifax's transfer of the assets, liabilities, and stock of its Payment Services division to us, and our adoption of the name Certegy Inc., Equifax "spun off" the Payment Services division through a tax-free dividend of all of the outstanding shares of Certegy common stock to Equifax's shareholders of record as of June 27, 2001. The Certegy shares were distributed on the basis of one share of Certegy common stock for every two shares of Equifax common stock held. A total of 68,600,112 shares were distributed. As a result of the spin-off, we became an independent publicly traded company, with the Certegy shares of common stock registered and trading on the New York Stock Exchange under the symbol "CEY."

For a more detailed description of our spin-off from Equifax, refer to our Registration Statement on Form 10 filed with the Securities and Exchange Commission on June 11, 2001.

***Acquisitions***

In May 2001, we acquired the remaining interest in Unnisa Ltda., one of the largest card processing businesses in Brazil, for \$55.5 million in cash. We previously held a 59.3% controlling interest in Unnisa, which we acquired in 1998.

In August 2001, Certegy acquired Accu Chek, Inc., the U.S.'s leading provider of third-party check collection services, for \$25.0 million in cash.

***Segment Information***

*Card Services.* Certegy Card Services provides a full range of card issuer services that enable banks, credit unions, retailers, and others to issue Visa and MasterCard credit and debit cards, private label cards, and other electronic payment cards for use by both consumer and business accounts. Our debit card services

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support both off-line debit cards, which are processed similarly to credit cards, and on-line debit cards, through which cardholders obtain immediate access to funds in their bank accounts through ATMs or merchant point-of-sale terminals. The majority of our card issuer programs are full service, including essentially all of the operations and support necessary for an issuer to operate a credit and debit card program. More specifically, we process all the debit and credit card transactions on the credit and debit cards issued by our customers, including electronically authorizing the transactions, capturing the transaction data, and settling the transactions, and we provide full service back-office support functions for their programs. These support functions include: embossing and mailing their credit and debit cards to their customers; customer service on behalf of the card issuer to their customers; card portfolio management and analysis; invoicing their cardholders; receiving and processing cardholder payments; and pursuing delinquent or fraudulent accounts. We do not make credit decisions for our customers, nor do we fund their card receivables. Our services are menu driven, and offer flexibility for those of our customers that require less than our full service programs. Such customers include large card issuing banks that contract with us to provide transaction processing, but who choose to invest the capital and human resources necessary to provide their own back-office program support.

In the U.S., we have been highly successful in marketing our card issuer services to credit unions and independent community banks. These two customer segments consist predominantly of small and mid-sized card issuers that cannot independently achieve the economies of scale that would justify setting up their own credit and debit card operations. We provide our card issuer services to these customers primarily through our longstanding contractual alliances with the Independent Community Bankers of America, or ICBA, and Card Services for Credit Unions, or CSCU. We have a standard product offering in place with each of these organizations, which offer these products to their respective members with our company as the services provider. These alliances allow us to leverage the marketing channels of those two organizations, and eliminate the need for us to negotiate price, terms, and service offerings with individual credit unions or community banks. As a result, we believe we are the leading provider, in terms of market share, of comprehensive card processing services to credit unions and to independent community bank card issuers in the U.S.

We provide our card issuer services internationally through our operations in Brazil, Chile, the U.K., and our newly established processing center in Australia.

Card Services also provides merchant processing services that enable retailers and other merchants to accept electronic payment cards in payment for goods and services. We provide our merchant processing services both directly to retailers and other merchants who accept credit and debit cards, and through contracts with financial institutions and others where our solutions enable them to service the card processing needs of their merchant customers. These services include front-end authorization and data capture services, back-end accounting and settlement, and dispute resolution services.

In addition, we provide e-banking services to financial institutions enabling them to offer Internet banking to consumers and businesses. We provide these services either by licensing our products to our customers for their operation in-house, or as an application services provider, or ASP, where the customers are linked to our central service bureau. Our retail Internet banking services enable our bank customers to offer a wide array of PC-based banking services to consumers, such as on-line account information access and electronic bill payment. Our corporate Internet banking services enable our bank customers to offer the business community various electronic commercial banking services, including transmission of account and other business information between the bank and the business customer, bill payment, funds transfers, loan and account applications, and other electronic services.

In 2001, revenues from Card Services comprised 66% of our total revenues, compared to 67% in 2000 and 65% in 1999.

*Check Services.* Certegy Check Services is a leading provider of check risk management and related processing products and services to businesses accepting or cashing checks at the point-of-sale. These services utilize our proprietary check authorization systems and risk assessment decision platforms. We serve national and regional merchants, including national retail chains such as Sears, Best Buy, Circuit City, Walgreens, Federated, and Target, hotels, automotive dealers, telecommunications companies, supermarkets, casinos,

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mail order houses and other businesses. Our services allow our clients to run their customers' personal and business checks through an authorization process that reveals whether a customer has previously written bad checks and the likelihood that a check will clear.

Our check risk management services include diverse solutions tailored to the specific needs of the customer. They include Welcome Check® guarantee services, where we accept the bad check risk associated with checks authorized by our system, and Welcome Check verification services, where our customers retain the risk. We also provide blends of guarantee and verification services to meet specific customer needs. All of these products leverage our proprietary system, PathWays™. PathWays provides the flexibility, utilizing our risk management data and proprietary models, to manage check acceptance risk by controlling the risk management parameters on a store by store, or even a cash register by cash register, basis.

In recent years, we believe we have led our industry in the introduction of successful, innovative new solutions for existing and new markets. In addition to PathWays referred to above, we have introduced: 4/Detection™, a software product that helps employers combat employee fraud; PayCheck Accept™, which enables supermarkets and gaming establishments to reduce the risk of check losses and fraud in connection with their payroll check cashing services; third party check collections for retailers utilizing our verification services; and electronic check risk management solutions enabled for electronic commerce, which enable retailers to safely and securely accept payments over the Internet. Last year, in a major initiative with 7-Eleven, Check Services adapted PayCheck Accept to launch a fully automated check cashing service through 7-Eleven's virtual commerce kiosks located at 7-Eleven convenience stores across the country.

We provide our check risk management products and services internationally in Canada, the U.K., Ireland, France, Australia, and New Zealand. Our principal product in all those countries is check guarantee, although mass retailers are beginning to utilize our check verification and collection services. We have also introduced receivable warranty, which enables a retailer to extend short-term credit to its small business customers, and deferred debit solutions, which allow retailers to accept consumer payments electronically.

In 2001, revenues from Check Services comprised 34% of our total revenues, compared to 33% in 2000 and 35% in 1999.

For additional information relating to our business segments and operations within and outside the U.S., see Note 12 to Consolidated Financial Statements in Exhibit 13.3, included in Part IV, Item 14 of this report.

### ***Our Strategy***

We believe that the escalating use of credit, debit, and other electronic payment cards around the globe will continue to present the card processing industry with significant growth opportunities. Ongoing strong demand for check risk management services — due to escalating check fraud at the point-of-sale, retailers' growing reliance on third-party check risk management services that both reduce bad check losses *and* maximize sales, through accurate identification of good check-writers, and emerging new markets for check risk management — will continue to create significant growth opportunities.

In light of the market opportunities, our strategic objective is to strengthen our position as a leading global provider of payment processing and check risk management services. We intend to concentrate on the following strategies to accomplish our objective.

#### *Card Services*

*Leverage our competitive strengths in the U.S. to further increase our share of revenue in the U.S. card and merchant processing markets, and in e-banking.* Those strengths include:

- Our long-term contractual alliances with CSCU and ICBA, through which we maintain proven distribution channels and enjoy strong name recognition and quality-of-service ratings;

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- Our “full service” processing capabilities, which enable us to provide among the most comprehensive card processing solutions available; and
- Our highly competitive prices.

*Grow our customer base and processing volumes substantially outside the U.S.* In international markets, we will continue to focus our marketing efforts on leading card processing prospects, develop flexible processing services tailored to the diverse credit cultures in Europe, Latin America and Asia-Pacific, and leverage our competitive advantages. These advantages include our strength in providing full service processing services, our extensive experience in managing international operations, and our proprietary card processing systems. Our proprietary systems are highly scalable and portable, and have been customized to process in numerous country-specific environments in over 25 countries around the world. This customization enables us to enter new geographic markets quickly and less expensively, and positions us to be a preferred vendor for outsourced card processing as this concept starts to take effect outside the U.S.

*Increase our revenues from new and existing products and services.* We intend to aggressively market our expanded debit card processing products and services and capture a larger share of the rapidly growing debit card markets in the U.S. and abroad. We intend to aggressively market our card marketing services that assist our customers in growing their cardholder portfolios and e-banking customer bases. We will develop and market new Internet service capabilities that will allow cardholders to manage their credit card accounts and conduct electronic commerce more efficiently and effectively.

### *Check Services*

*Leverage our competitive strengths to increase our market share in our traditional markets, both in the U.S. and internationally.* Those strengths include what we believe are the industry’s most advanced check risk management algorithms and systems, our proven ability to introduce successful new check risk management products, our position as one of the world’s leading transaction risk management services providers, and our company’s existing operations and customer relationships in Europe, Latin America, and Asia-Pacific.

*Continue our development and utilization of increasingly sophisticated risk modeling tools to differentiate our capabilities from the competition.* These tools include proprietary algorithms and systems that we have developed independently, and others that we have developed with our alliance partners.

*Expand further into new markets such as check cashing, gaming, grocery, government, and Internet commerce by combining our current risk management and identity authentication services.* This combined solution provides us with the ability to effectively manage risk in environments where the consumer is not present as well as at the traditional point-of-sale.

Further, for both Card Services and Check Services, we intend to continue to aggressively pursue strategic alliances with, investments in, and acquisitions of, domestic and international companies that would enable us to increase our penetration in our current markets, enter new markets, expand our technology expertise to help us further enhance our processing, risk management, and e-banking services, or to increase operating efficiencies.

### *Sales and Marketing*

We market our products and services through a direct sales force and indirect sales channels, such as ICBA and CSCU, independent sales organizations, marketing alliances, and financial institutions. We organize our direct sales force by customer market segment or distribution channel. Additionally, we market directly to customers through print advertising and direct mail efforts. We participate in major industry tradeshow and publicity events and actively employ various public relations campaigns. Because many of our customers use a single product or service, or a combination of products or services, our direct sales force targets existing customers to leverage cross-selling opportunities. Our strategy is to use the most efficient delivery system available to successfully acquire customers and build awareness of our products and services.



### ***Seasonality***

Our business is somewhat seasonal. The volume of check and card processing is highest during the holiday buying season and during other periods of increased consumer spending.

### ***Competition***

The markets for card transaction processing and check risk management services are highly competitive. Our principal competitors include third-party credit and debit card processors, including First Data, TSYS, EDS, and Payment Systems for Credit Unions, third-party software providers, which license their card processing systems to financial institutions and third party processors, and check authorization, guarantee, and risk management services providers, including First Data's TeleCheck Services division, eFunds, and International Check Services. We also compete against software and transaction processing systems developed and used in house by our potential customers.

Some of our competitors are privately held, and the majority of those that are publicly held do not release the information necessary to precisely quantify our relative competitive position, which varies depending on the segment of our markets. Based on information appearing in a widely-cited industry publication, The Nilson Report, we believe that we are among the largest third-party payment transaction processors in the world based on annual revenues.

In general, we believe that our ability to compete successfully depends on a number of factors, including:

- The reliability, security, speed, and capacity of our systems and technical infrastructure;
- The comprehensiveness, scalability, ease of use, and service levels of our products and services;
- Our strong relationships with CSCU and ICBA, and the related scale advantages achieved through them;
- Our ability to interface with vendors of data processing software and services;
- Our pricing policies and the pricing policies of our competitors and suppliers;
- Our risk assessment and fraud detection expertise;
- The timing of introductions of new products and services by us and our competitors; and
- Our ability to support unique customer requirements.

### ***Significance of Certain Customer Relationships***

Under each of our contractual alliances with ICBA and CSCU, Card Services is the exclusive partner for offering card processing services to that association's members. As a result, approximately 23% of our revenues are derived from their member institutions, although no single institution accounts for a material portion of our revenues. An early termination of, or significant adverse change in, our relationships with either or both of these associations could harm our ability to retain a substantial portion of our customers and to attract new customers, and have a material adverse effect on our business. In October 2001, our contract with ICBA was extended through December 2007, and in February 2002, our contract with CSCU was extended through September 2007.

### ***Research and Development***

Our research and development activities have related primarily to the design and development of our payment processing systems and related software applications and risk management platforms. We expect to continue our practice of investing significant resources to extend the functionality of our proprietary processing systems, and to develop new and innovative solutions in response to the needs of our customers. In addition, we intend to offer products and services that are compatible with new and emerging delivery channels such as the Internet.

### ***Intellectual Property Rights***

We rely on a combination of contractual restrictions and trademark, copyright, and trade secret law to establish and protect our trademarks, software, and know-how. These legal protections and arrangements afford only limited protection of our proprietary rights, and there is no assurance that our competitors will not independently develop or license products, services, or capabilities that are substantially equivalent or superior to ours. We also license certain intellectual property from third parties. Those include rights under the The Ronald A. Katz Technology Licensing L.P. patents pertaining to various interactive technology, such as automated forms of customer service, which rights continue through the life of the patents.

### ***Government Regulation***

Various aspects of our businesses are subject to federal, state, and foreign regulation. Our failure to comply with any applicable laws and regulations could result in restrictions on our ability to provide our products and services, as well as the imposition of civil fines and criminal penalties.

As a provider of electronic data processing and back-office services to financial institutions, we are subject to regulatory oversight and examination by the Federal Financial Institutions Examination Council, an interagency body comprised of the various federal bank and thrift regulators and the National Credit Union Association. In addition, we may be subject to possible review by state agencies that regulate banks in each state where we conduct our electronic processing activities.

Because we maintain a database in the U.S. containing the check-writing histories of consumers, and use that information to provide our check risk management services, our check risk management business is subject to the federal Fair Credit Reporting Act and various similar state laws. Among other things, the Fair Credit Reporting Act imposes requirements on us concerning data accuracy, and provides that consumers have the right to know the contents of their check-writing histories, to dispute their accuracy, and to require verification or removal of disputed information. In furtherance of our objectives of data accuracy, fair treatment of consumers, and protection of consumers' personal information, in addition to best ensuring we comply with these laws, we maintain a high level of security for our computer systems in which consumer data resides, and we maintain consumer relations call centers to facilitate efficient handling of consumer requests for information and handling of disputes.

Our check collection services are subject to the Fair Debt Collection Practices Act and various state collection laws and licensing requirements. The Federal Trade Commission, as well as state attorneys general and other agencies, have enforcement responsibility over the collection laws, as well as the various credit reporting laws.

Because we do business in international markets as well as in the U.S., we are subject to laws and regulations in jurisdictions outside the U.S. that regulate many of the same activities that are described above, including electronic data processing and back-office services for financial institutions and use of consumer information.

Although we do not believe that compliance with future laws and regulations related to our businesses, including future consumer protection laws and regulations, will have a material adverse effect on our company, enactment of new laws and regulations may increasingly affect the operations of our business, directly or indirectly, which could result in substantial regulatory compliance costs, litigation expense, adverse publicity, or loss of revenue.

### ***Employees***

As of January 31, 2002, Certegy had approximately 6,200 employees, including 3,300 employees principally employed outside the U.S. None of our U.S. work force currently is unionized. We have not experienced any work stoppages and consider our relations with employees to be good.

***Certain Factors Affecting Forward-Looking Statements***

The statements in this report include forward-looking statements that are based on current expectations, assumptions, estimates, and projections about our business and industry. They are not guarantees of future performance and are subject to risks and uncertainties that may cause actual results to differ significantly from what is expressed in those statements. Many of those risks and uncertainties are beyond Certegy's control. The factors that could, either individually or in the aggregate, affect our performance include matters such as those described below.

*Competition can hurt our business*

Our markets are competitive. Our ability to maintain or improve our competitive positions against current and potential competitors will impact our performance. While we believe that the quality, breadth, and pricing of our products and services are among the most competitive in our markets, our future results will depend in part on our ability to continue to compete effectively, which includes devoting sufficient resources vis-à-vis the competition in our various market segments, responding quickly to new or emerging technologies and changes in customer requirements, and continuing our successful development and marketing of new products and services.

*Reduced levels of consumer spending can adversely affect our performance*

A significant portion of our revenues is derived from fees from processing consumer credit card, debit card, and check transactions. While consumer spending in the U.S. may be recovering, continued sluggishness of the U.S. economy or recession in the international economies where we do business could negatively impact consumer spending and adversely affect our business.

*Reduction in the demand for card processing outsourcing services in international markets could impact our international growth*

Demand for card processing outsourcing services in international markets has been increasing. While we expect that trend to continue, a reversal could negatively impact our card processing revenues and profits.

*Reduction in point-of-sale check fraud could adversely impact our Check Services business*

Due to advances in PC printing technologies and other factors, check fraud continues to increase, creating growing demand for our higher value-added check risk management services. We expect that trend to continue. However, a reversal of that trend could negatively impact demand for check authorization and guarantee products, and consequently could be detrimental to our check business.

*Weakening of certain market segments could adversely impact the demand for our products and services*

Our Card Services business depends heavily on demand for its products and services from independent community banks and credit unions. Our Check Services business depends on strong demand from numerous of the major national and regional retailers. Weakening of the financial health of one or more of those segments could impact demand for our products or services resulting in lower than expected sales and profits.

*Loss of strategic relationships or key contracts could reduce revenues and profits*

Although Card Services' strategic relationships with the community banks and credit unions remain strong, with long-term contracts with both ICBA and CSCU having recently been extended through 2007, an unexpected termination of those contractual alliances could cause us to lose significant community bank or credit union customers and consequently significant revenue and profits. Our Check Services business has experienced substantial growth over the last year in the number of major national and regional retailer accounts under contract. While no one contract is material to the company, unexpected terminations of several of those contracts during a short period of time could significantly reduce revenues and profits.

*Our failure to expand our share of the credit and debit card transaction processing market and enter new markets could adversely affect our business*

While we intend to continue our vigorous pursuit of expansion of our Card Services business within the independent community bank and credit union segments of the U.S. market, the future growth and profitability of our Card Services business will depend significantly on our ability to penetrate other markets, including emerging international markets for electronic transaction processing and Internet payment systems. As part of our strategy to achieve that penetration, we intend to continue to seek acquisition opportunities, investments, and alliance relationships that will facilitate our expansion, and to develop products and distribution channels that will satisfy the demands in new markets. If we are unable to do so successfully, the value of our business could be adversely affected.

*Material changes in regulation or industry standards applicable to our businesses or those of our customers could have a detrimental effect on future results*

Various aspects of our businesses and those of our customers are subject to federal, state, and foreign regulation and applicable industry standards. Changes in or increased regulation of our businesses, or those of our customers, pertaining to credit availability, data usage, debt usage, debt collection, or other areas could increase our cost of doing business or reduce the value of or the demand for certain of our products and services, which could hinder our performance. Material changes in industry standards, such as Visa and MasterCard electronic payment standards, similarly could impact our business.

*Security breaches or system failures could harm our reputation and adversely affect future profits*

We collect personal consumer data, such as names and addresses, checking account numbers, and payment history records. We process that data, and deliver our products and services, utilizing computer systems and telecommunications networks operated both by us and by third party service providers. Although plans and procedures are in place to protect our sensitive data and to prevent failure of, and to provide back-up for, our systems, we cannot be certain that our measures always will be successful. A security breach or other misuse of our data, or failures of key operating systems and their back-ups, could harm our reputation and deter customers from using our products and services, increase our operating expenses in order to correct the breach or failures, or expose us to unbudgeted liability.

*Risks associated with international operations could impair our business results*

We believe that the international market for our products is growing rapidly, and we have committed significant resources to expand our international activities. As we expand internationally, we will be increasingly subject to several risks associated with international business activities that could increase costs or reduce our revenues, including political, social, and economic instability, currency exchange rate fluctuations, potentially adverse tax consequences, including restrictions on the repatriation of earnings, and potential difficulty enforcing agreements and collecting receivables in some foreign legal systems.

### Executive Officers of the Registrant

Information relating to our executive officers is set out below. There is no family relationship between any executive officer, director, or person nominated or chosen by us to become a director or executive officer. There is no arrangement or understanding between any executive officer and any other person pursuant to which they were or are to be elected as an officer.

Name	Age	Position
Lee A. Kennedy	51	Chairman of the Board, President and Chief Executive Officer
Larry J. Towe	55	Executive Vice President and Chief Operating Officer
Michael T. Vollkommer	43	Corporate Vice President and Chief Financial Officer
Bruce S. Richards	47	Corporate Vice President, General Counsel and Secretary
J. Gerard Ballard	44	Corporate Vice President and Chief Technology Officer
Richard D. Gapen	62	Corporate Vice President — Human Resources
Michael E. Sax	39	Corporate Vice President — Financial Planning and Treasurer
Pamela A. Tefft	32	Corporate Vice President and Controller
Mary K. Waggoner	43	Corporate Vice President — Investor Relations
Gerald A. Hines	54	Senior Vice President and Group Executive — Card Services
Jeffrey S. Carbiener	39	Senior Vice President and Group Executive — Check Services

*Lee A. Kennedy* has served as our Chairman of the Board since February 12, 2002 and President and Chief Executive Officer since March 5, 2001. Mr. Kennedy served as President, Chief Operating Officer, and a director of Equifax Inc. from June 1999 until June 29, 2001. From June 1997 to June 1999, Mr. Kennedy served as Executive Vice President and Group Executive of Equifax. From July 1995 to June 1997 he served as President of Equifax Payment Services, a division of Equifax.

*Larry J. Towe* has served as our Executive Vice President and Chief Operating Officer since June 29, 2001. Mr. Towe previously served as Executive Vice President and Group Executive — Payment Services of Equifax Inc. from June 1999 to June 2001. From May 1997 to June 1999, Mr. Towe served as Senior Vice President and General Manager of Equifax Card Solutions, International, a unit of Equifax. Prior to that, Mr. Towe served as President, FBS Software, a provider of software solutions for payment cards, collections and merchant processing, which Equifax acquired in July 1994.

*Michael T. Vollkommer* has served as our Corporate Vice President and Chief Financial Officer since June 29, 2001. Mr. Vollkommer previously served as Corporate Vice President and Controller of Equifax Inc. from November 1999. From December 1998 to August 1999, Mr. Vollkommer was Vice President — Finance of Superior TeleCom Inc., a manufacturer of copper wire and cable products. From 1994 until 1998, Mr. Vollkommer held executive officer positions with Alumax Inc., a producer of primary aluminum and fabricated aluminum products, including Vice President and Chief Financial Officer from December 1997 to August 1998, Vice President — Strategic Planning and Corporate Development from June 1997 to December 1997, and Vice President and Controller from January 1994 to June 1997.

*Bruce S. Richards* has served as our Corporate Vice President, General Counsel and Secretary since June 29, 2001. Mr. Richards previously served as Corporate Vice President of Equifax Inc. from November

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2000 through June 2001, and served as Corporate Vice President and General Counsel of Equifax from 1996 through October 2000.

*J. Gerard Ballard* has served as our Corporate Vice President and Chief Technology Officer since June 29, 2001. Mr. Ballard previously served as Chief Technology Officer of Equifax Payment Services, a division of Equifax Inc., from February 2001 until June 2001. From June 1997 to December 2000, Mr. Ballard served as Executive Vice President and Chief Information Officer for Vital Processing Services, LLC, a provider of technology-based commerce enabling services. From September 1995 to June 1997, Mr. Ballard was Vice President, Equifax Payment Services.

*Richard D. Gapen* has served as our Corporate Vice President — Human Resources since June 29, 2001. Mr. Gapen previously served as Senior Vice President of Compensation and Benefits for Equifax Inc. from June 1997 until June 2001. From 1991 until 1996, Mr. Gapen was Director of Employee Benefits for W. R. Grace and Company.

*Michael E. Sax* has served as our Corporate Vice President — Financial Planning and Treasurer since February 12, 2002 and previously as Corporate Vice President and Controller from June 29, 2001 through February 12, 2002. Mr. Sax previously served as Senior Vice President and Controller of Equifax Payment Services, a division of Equifax Inc., from July 1998 until June 2001. Prior to that, Mr. Sax held various financial positions with units of Equifax since 1992.

*Pamela A. Tefft* has served as our Corporate Vice President and Controller since February 12, 2002 and previously as Vice President — Financial Reporting from June 29, 2001 through February 12, 2002. Ms. Tefft previously served as Assistant Vice President — Financial Internal Audit of Equifax Inc. from May 1999 until June 2001. Prior to joining Equifax, Ms. Tefft was a Manager in the Assurance & Business Advisory Services group of PricewaterhouseCoopers LLP (formerly Coopers & Lybrand LLP) from September 1992 through May 1999.

*Mary K. Waggoner* has served as our Corporate Vice President — Investor Relations since November 2001. From June 2001 until November 2001, Ms. Waggoner served as our Vice President of Investor Relations. Prior to joining Certegy, Ms. Waggoner served as Senior Vice President/ Comptroller Department for Firststar/ Mercantile in St. Louis, Missouri from 1999 until 2000. From 1997 until 1999, Ms. Waggoner was Senior Vice President of Investor Relations of Mercantile Bancorporation, Inc. in St. Louis, Illinois, and from 1995 until 1997, she was President of Mercantile Bank of Carlyle in Carlyle, Illinois.

*Gerald A. Hines* has served as our Senior Vice President and Group Executive — Card Services since June 29, 2001. Mr. Hines previously served as Senior Vice President, Equifax Card Solutions-Americas, a unit of Equifax Inc., from September 1997 until June 2001. Prior to joining Equifax, Mr. Hines was Executive Vice President and Chief Operating Officer at AT&T Universal Card Services, a credit card issuer.

*Jeffrey S. Carbiener* has served as our Senior Vice President and Group Executive — Check Services since June 29, 2001. Mr. Carbiener previously served as Senior Vice President, Equifax Check Solutions, a unit of Equifax Inc., from February 1998 until June 2001. Prior to that, he held various other positions with Equifax business units since 1991.

### **Item 2. Properties**

Our corporate headquarters is located in Alpharetta, Georgia pursuant to a lease with an unaffiliated third party. Our principal operations center and administration, sales, marketing and development facilities for both Card Services and Check Services are located in St. Petersburg, Florida, in a 305,000 square foot building pursuant to a lease with an unaffiliated third party, which expires in 2009. Card Services has other smaller leased operations facilities in Wisconsin, Utah and Georgia. In support of our international operations, Card Services has leased operations centers in Brazil, Chile, the U.K. and Australia, and Check Services has leased facilities in the U.K., France and Australia. We also have a number of small sales or support offices in the other places where we do business.

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We own or lease a variety of computers and other related equipment for operational needs of both business segments.

We believe that all of our facilities and equipment are in good condition and are well maintained and adequate for our business as presently conducted.

**Item 3. Legal Proceedings**

We are party to a number of routine claims and lawsuits incidental to our business. In addition, a class action lawsuit is pending against us in the U.S. District Court for the Eastern District of California. This action, instituted in August 1996 by plaintiffs Gary and Nancy Ballard, is based on a claim that our practice of assessing a service charge on unpaid checks allegedly violated provisions of the Federal Fair Debt Collection Practices Act and California's Unfair Business Practices Act during the period from August 1992 through December 1996. The plaintiffs seek, among other remedies, a refund of all service charges collected from California consumers during this period, prejudgment interest, statutory damages under the Fair Debt Collection Practices Act, and attorneys' fees, which amounts in the aggregate could exceed \$15 million. We have defended, and will continue to defend this action vigorously; however, litigation is inherently uncertain and we may not prevail.

We believe the ultimate resolution of these matters will not have a materially adverse effect on our financial position, liquidity, or results of operations.

**Item 4. Submission of Matters to a Vote of Security Holders**

No matters were submitted to a vote of our shareholders during the fourth quarter 2001.

**PART II**

**Item 5. Market for Registrant's Common Equity and Related Stockholder Matters**

Our common stock began regular way trading on the New York Stock Exchange under the ticker symbol "CEY" on July 9, 2001. The table set forth below provides the high and low sales prices of our common stock for the third and fourth quarters of 2001.

	2001	
	High	Low
Third Quarter	\$35.10	\$24.81
Fourth Quarter	\$35.45	\$26.00

As of February 28, 2002, there were approximately 8,463 shareholders of record of our common stock.

We do not anticipate paying any dividends on our common stock in the foreseeable future because we expect to retain our future earnings for use in the operation and expansion of our business. The declaration and payment of dividends is at the discretion of our board, and depends, among other things, upon our investment policy and opportunities, results of operations, financial condition, cash requirements, future prospects, and other factors that may be considered relevant by our board of directors, including legal and contractual restrictions on our ability to declare and pay dividends and distributions on our shares of common stock.

**Item 6. Selected Financial Data**

The information contained under the heading "Selected Financial Data" in our 2001 Annual Report to Shareholders, filed as Exhibit 13.1 and included in Part IV, Item 14 of this report, is incorporated by reference.

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

The information contained under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2001 Annual Report to Shareholders, filed as Exhibit 13.2 and included in Part IV, Item 14 of this report, is incorporated by reference.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Based on analysis completed and described below, we do not believe that we are exposed to material market risk from changes in interest rates or foreign currency exchange rates.

*Interest rates.* We have unsecured revolving credit facilities that have variable interest rates based on LIBOR plus 100 basis points; therefore, we are exposed to the impact of interest rate fluctuations. This risk is somewhat mitigated by our ability to fix the base LIBOR rate for periods of up to six months. Accordingly, as of February 6, 2002, \$15 million has been fixed at a base LIBOR rate of 2.0% through March 6, 2002, \$35 million has been fixed at a base LIBOR rate of 1.9% through April 9, 2002, \$20 million has been fixed at a base LIBOR rate of 1.9% through May 7, 2002, and \$145 million has been fixed at a base LIBOR rate of 2.0% through July 8, 2002. We have performed an interest rate sensitivity analysis assuming a 100 basis point increase in LIBOR for the period subsequent to these dates and no additional reduction of debt levels. Based on this interest rate increase, interest expense would increase by approximately \$1.1 million in 2002.

*Foreign currency exchange rates.* Approximately 19% of our revenues for the year ended December 31, 2001 and 40% of our assets at December 31, 2001 are associated with operations outside of the U.S. The U.S. dollar balance sheets and statements of income for these businesses are subject to currency fluctuations. We are most vulnerable to fluctuations in the Brazilian real and the British pound against the U.S. dollar. Historically, we have not entered into derivative financial instruments to mitigate this risk, as it has not been cost-effective. The impact of currency fluctuations on profitability has not been significant since both revenues and costs of these businesses are denominated in local currency. If the U.S. dollar had a 10% higher appreciation against our non-U.S. dollar denominated businesses in 2001, revenues and operating income would have been reduced by \$15.0 million and \$1.1 million, respectively. We may use derivative financial instruments in the future if we deem it useful in mitigating an exposure to foreign currency exchange rates. The cumulative translation adjustment, largely related to our investment in Unnisa, our Brazilian card processing operation, was a \$67.6 million and \$57.3 million reduction of shareholders' equity at December 31, 2001 and 2000, respectively.

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

The information contained under the heading "Financial Statements and Supplementary Data" in our 2001 Annual Report to Shareholders, filed as Exhibit 13.3 and included in Part IV, Item 14 of this report, is incorporated by reference.

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

None.

**PART III**

**Item 10. Directors and Executive Officers of the Registrant**

Our Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2002 contains, under the heading "Proposal 1: Election of Director," information relating to our directors and the person nominated for director, which is incorporated by reference into this report. Information relating to our executive officers is included in Item 1 of this report.



**Item 11. Executive Compensation**

Our Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2002 contains, under the heading "Compensation of Directors and Executive Officers," information relating to Director and Executive Officer compensation, which is incorporated by reference into this report.

**Item 12. Security Ownership of Certain Beneficial Owners and Management**

Our Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2002 contains, under the heading "Principal and Management Shareholders," information relating to security ownership of certain beneficial owners and management, which is incorporated by reference into this report.

For purposes of determining the aggregate market value of our common stock held by nonaffiliates, shares held by all current directors, executive officers and holders of 5% or more of our outstanding common stock have been excluded. The exclusion of these shares is not intended to, and will not, constitute a determination as to which persons or entities may be our "affiliates" as defined by the Commission.

**Item 13. Certain Relationships and Related Transactions**

Our Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2002 contains, under the heading "Related Party Transactions," information relating to certain relationships and related transactions between us and certain of our directors and executive officers, which is incorporated by reference into this report.

**PART IV**

**Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K**

(a) *Documents filed with this report*

(1) *Financial Statements*

The following financial statements are filed with this report.

- Report of Independent Public Accountants
- Consolidated Statements of Income for the Years Ended December 31, 2001, 2000, and 1999
- Consolidated Balance Sheets as of December 31, 2001 and 2000
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2001, 2000, and 1999
- Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2001, 2000, and 1999
- Notes to Consolidated Financial Statements

(2) *Financial Statement Schedules*

The following financial statement schedule is filed with this report.

- Schedule II, Valuation and Qualifying Accounts

All other schedules to our consolidated financial statements have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes to those statements.

(3) *Exhibits*

The following is a complete list of exhibits included as part of this report, including those incorporated by reference. A list of those documents filed with this report is set forth on the Exhibit Index appearing elsewhere in this report and is incorporated by reference.

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Exhibit No.	Description
2.1	— Distribution Agreement, Plan of Reorganization and Distribution, dated as of June 30, 2001, between Equifax Inc. and Certegy Inc., previously filed as Exhibit 2.1 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
3.1	— Amended and Restated Articles of Incorporation of Certegy Inc., previously filed as Exhibit 4.1 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
3.2	— Amended and Restated Bylaws of Certegy Inc., previously filed as Exhibit 4.2 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
4.1	— Amended and Restated Articles of Incorporation of Certegy Inc. (filed as Exhibit 3.1).
4.2	— Amended and Restated Bylaws of Certegy Inc. (filed as Exhibit 3.2).
4.3	— Rights Agreement, dated as of June 29, 2001, between Certegy Inc. and SunTrust Bank, as Rights Agent, previously filed as Exhibit 4.3 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
4.4	— Form of certificate representing Certegy Inc. Common Stock, previously filed as Exhibit 4.4 on Amendment No. 2 to Form 10 filed June 11, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.1	— Master Agreement previously filed as Exhibit 10.27 on Form 10-K filed March 30, 2000 by Equifax Inc. (SEC File No. 001-06605) and incorporated by reference. (Document omits information pursuant to a Request for Confidential Treatment granted under Rule 24b-2 of the Securities Exchange Act of 1934.)
10.2	— Transaction Document #1 previously filed as Exhibit 10.26 on Form 10-K filed March 30, 2000 by Equifax Inc. (SEC File No. 001-06605) and incorporated by reference. (Document omits information pursuant to a Request for Confidential Treatment granted under Rule 24b-2 of the Securities Exchange Act of 1934.)
10.3	— Assignment and Assumption of Lease and Other Operative Documents, dated June 25, 2001, among Equifax Inc., Certegy Inc., Prefco VI Limited Partnership, Atlantic Financial Group, Ltd. and SunTrust Bank, previously filed as Exhibit 10.3 on Form 10-Q filed August 14, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.4	— Amended and Restated 364-Day Revolving Credit Agreement, dated July 6, 2001, among Certegy Inc., SunTrust Bank, Wachovia Bank, N.A., Fleet National Bank, and Bank of America, N.A., previously filed as Exhibit 10.4 on Form 10-Q filed August 14, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.5	— Amended and Restated Revolving Credit Agreement, dated July 6, 2001, among Certegy Inc., SunTrust Bank, Wachovia Bank, N.A., Fleet National Bank, and Bank of America, N.A., previously filed as Exhibit 10.5 on Form 10-Q filed August 14, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.6	— \$130,000,000 Credit Agreement, dated June 29, 2001, between Certegy Inc. and First Union National Bank, previously filed as Exhibit 10.6 on Form 10-Q filed August 14, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.7	— Acquisition Agreement, dated May 24, 2001, among Equifax Payment Services, Inc., Equifax Do Brasil Holdings Ltda., Andrade Gutierrez Telecomunicacoes Ltda., Andrade Gutierrez S.A., Construtora Andrade Gutierrez S.A. and Unnisa-Solucoes Em Meios De Pagamento Ltda., previously filed as Exhibit 10.7 on Form 10-Q filed August 14, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.8	— Acquisition Agreement, dated May 24, 2001, among Equifax Payment Services, Inc., Equifax Do Brasil Holdings Ltda., Socma Americana S.A., Sideco Do Brasil S.A. and Unnisa-Solucoes Em Meios De Pagamento Ltda., previously filed as Exhibit 10.8 on Form 10-Q filed August 14, 2001 (SEC File No. 001-16427) and incorporated by reference.

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Exhibit No.	Description
10.9	— Tax Sharing and Indemnification Agreement, dated as of June 30, 2001, between Equifax Inc. and Certegy Inc., previously filed as Exhibit 99.1 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.10	— Employee Benefits Agreement, dated as of June 30, 2001, between Equifax Inc. and Certegy Inc., previously filed as Exhibit 99.2 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.11	— Tier I Change in Control Agreement, previously filed as Exhibit 10.11 on Amendment No. 2 to Form 10 filed June 11, 2001 (SEC file No. 001-16427) and incorporated by reference.(1)
10.12	— Tier II Change in Control Agreement, previously filed as Exhibit 10.12 on Amendment No. 2 to Form 10 filed June 11, 2001 (SEC file No. 001-16427) and incorporated by reference.(1)
10.13	— Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan.(1)
10.14	— Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan Split Dollar Life Insurance Agreement (New Participant).(1)
10.15	— Grantor Trust Agreement, dated July 8, 2001, between Certegy Inc. and Wachovia Bank, N.A.
10.16	— Intercompany Data Purchase Agreement, dated as of June 30, 2001, between Equifax Inc. and Certegy Inc., previously filed as Exhibit 99.3 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.17	— Transition Support Agreement, dated as of June 30, 2001, between Equifax Inc. and Certegy Inc., previously filed as Exhibit 99.4 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.18	— Intellectual Property Agreement, dated as of June 30, 2001, between Equifax Inc. and Certegy Inc., previously filed as Exhibit 99.5 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.19	— Agreement Regarding Leases, dated as of June 30, 2001, between Equifax Inc. and Certegy Inc., previously filed as Exhibit 99.6 on Form 8-K filed July 20, 2001 (SEC File No. 001-16427) and incorporated by reference.
10.20	— Certegy Inc. 2001 Stock Incentive Plan.(1)
10.21	— Certegy Inc. Stock Incentive Plan, amended and restated February 28, 2002, contingent on shareholder approval.(1)
10.22	— Certegy Inc. 2001 Key Management Long-Term Incentive Plan.(1)
10.23	— First Amendment to Certegy Inc. 2001 Key Management Long-Term Incentive Plan, effective February 28, 2002.(1)
10.24	— Certegy Inc. Non-Employee Director Stock Option Plan.(1)
10.25	— Certegy Inc. Deferred Compensation Plan.(1)
10.26	— Equifax Inc. Performance Incentive Plan, in effect for Certegy employees for 2001.(1)
10.27	— 2002 Certegy Inc. Annual Incentive Plan.(1)
10.28	— Year 2001 Stock Option Exchange Program Terms and Conditions.(1)
10.29	— Certegy 2002 Bonus Deferral Program Terms and Conditions.(1)
10.30	— Certegy Excess Liability Insurance Plan for the Registrant's executive officers.(1)
10.31	— Financial/Tax Planning Services Program for the Registrant's executive officers.(1)
13.1	— Selected Financial Data from the Certegy Inc. 2001 Annual Report to Shareholders, incorporated by reference into this Form 10-K.
13.2	— Management's Discussion and Analysis of Financial Condition and Results of Operations from the Certegy Inc. 2001 Annual Report to Shareholders, incorporated by reference into this Form 10-K.

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<u>Exhibit No.</u>		<u>Description</u>
13.3	—	Financial Statements and Supplementary Data from the Certegy Inc. 2001 Annual Report to Shareholders, incorporated by reference into this Form 10-K.
21.1	—	Subsidiaries of the Registrant.
23.1	—	Consent of Independent Public Accountants, to incorporation by reference.
24.1	—	Power of Attorney — Set Forth on Signature Page.
99.1	—	Form of Proxy Statement for the Annual Meeting of Shareholders to be held on May 16, 2002.
99.2	—	Pro Forma Consolidated Statements of Income for the Years Ended December 31, 2001, 2000, and 1999.

(1) *Management Contract or Compensatory Plan.*

(b) *Reports Filed on Form 8-K*

No reports on Form 8-K were filed during the last quarter of the period covered by this report.

**SIGNATURES**

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

CERTEGY INC.

By: /s/ LEE A. KENNEDY

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Lee A. Kennedy  
*Chairman, President and Chief Executive Officer*

Date: March 25, 2002

**POWER OF ATTORNEY**

Know all men by these presents, that each person whose signature appears below constitutes and appoints Lee A. Kennedy, Michael T. Vollkommer, and Bruce S. Richards, and each of them, as attorneys-in-fact, with power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the amendments, along with exhibits and other documents, with the Securities and Exchange Commission, ratifying and confirming all that said attorneys-in-fact may do or cause to be done.

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

Date: March 25, 2002	By: /s/ LEE A. KENNEDY ----- Lee A. Kennedy Chairman, President and Chief Executive Officer (Principal Executive Officer)
Date: March 25, 2002	By: /s/ MICHAEL T. VOLLKOMMER ----- Michael T. Vollkommer Corporate Vice President and Chief Financial Officer (Principal Financial Officer)
Date: March 25, 2002	By: /s/ PAMELA A. TEFFT ----- Pamela A. Tefft Corporate Vice President and Controller (Principal Accounting Officer)
Date: March 25, 2002	By: /s/ ROBERT H. BOHANNON ----- Robert H. Bohannon, Director
Date: March 25, 2002	By: /s/ THOMAS F. CHAPMAN ----- Thomas F. Chapman, Director
Date: March 25, 2002	By: /s/ RICHARD N. CHILD ----- Richard N. Child, Director

Date: March 25, 2002	By: /s/ CHARLES T. DOYLE ----- Charles T. Doyle, Director
Date: March 25, 2002	By: /s/ DAVID K. HUNT ----- David K. Hunt, Director
Date: March 25, 2002	By: /s/ KATHY BRITTAIN WHITE ----- Kathy Brittain White, Director

## CERTEGY INC.

## FORM 10-K

## INDEX TO EXHIBITS

The following documents are being filed with this Report.

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10.13	— Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan. (1)
10.14	— Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan Split Dollar Life Insurance Agreement (New Participant).(1)
10.15	— Grantor Trust Agreement, dated July 8, 2001, between Certegy Inc. and Wachovia Bank, N.A.
10.20	— Certegy Inc. 2001 Stock Incentive Plan.(1)
10.21	— Certegy Inc. Stock Incentive Plan, amended and restated February 28, 2002, contingent on shareholder approval.(1)
10.22	— Certegy Inc. 2001 Key Management Long-Term Incentive Plan. (1)
10.23	— First Amendment to Certegy Inc. 2001 Key Management Long-Term Incentive Plan, effective February 28, 2002.(1)
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(1) Management Contract or Compensatory Plan.

## CERTEGY INC.

EXECUTIVE LIFE AND SUPPLEMENTAL  
RETIREMENT BENEFIT PLAN

THIS EXECUTIVE LIFE AND SUPPLEMENTAL RETIREMENT BENEFIT PLAN (the "Plan"), effective immediately following the close of the Distribution Date, is hereby adopted and established by Certegy Inc., a Georgia corporation, (the "Company") and will be maintained by the Company for selected executives as provided herein.

## ARTICLE I - PURPOSE

The purpose of the Plan is to reward certain specified executives of the Company for their service to the Company and to provide an incentive to the Participants, including newly hired executives, for future service and loyalty to the Company. This Plan provides benefits through life insurance policies (each a "Policy") on the lives of Participants. Plan benefits and a Participant's interest in his or her Policy shall be as set forth in the Participant Agreements that each Participant is required to execute with the Company before becoming a participant herein. In all cases, a Participant's interest in this Plan and the benefits provided hereunder shall be governed by this Plan and the terms of the Participant Agreements, which shall be considered to be a part of this Plan.

The Plan is established by the Company in connection with the spinoff of the Company from Equifax Inc., and shall be considered a successor to the Equifax Inc. Executive Life and Supplemental Retirement Benefit Plan (U.S.) (the "Prior Plan").

## ARTICLE II - ELIGIBILITY AND PARTICIPATION

2.1 ELIGIBILITY AND PARTICIPATION. Participants shall be designated by the Plan Administrator (but not by any designee thereof) or the Company's Chief Executive Officer and shall be informed in writing of the effective date of their participation in the Plan (the "Commencement Date") and their level of life insurance benefits to which they may be entitled. In order to participate, a Participant must complete certain enrollment documents and must execute (i) a Split-Dollar Life Insurance Agreement which specifies, among other matters, the respective interests of the Participant and the Company in the Policy issued by the Insurance Company, and (ii) a Collateral Assignment of certain rights in the Policy in favor of the Company (collectively, the "Participant Agreements"). Individuals who were participants in the Prior Plan on the close of the Distribution Date and who become employed by the Company, or remain so employed, immediately after the close of the Distribution Date (the "Transferred Individuals") shall automatically become Participants in this Plan immediately after the close of the Distribution Date, which shall automatically be their Commencement Date, and the Split-Dollar Life Insurance Agreements and Collateral Assignments that were in effect under the Prior Plan (collectively, the "Prior Agreements") shall be applicable under this Plan, subject to the following provisions of this Article II.

2.2 SUCCESSION. With respect to Participants who are Transferred Individuals, the Company shall succeed to all rights and obligations of Equifax Inc. under the Prior Agreements,



including the right to recover from any cash values under each Transferred Individual's Policy by means of enforcing the collateral assignment relating to such Policy. All rights of Transferred Individuals under the Prior Agreements shall be determined consistently with this succession to the rights and obligations of Equifax Inc., and subject thereto and Section 2.3 below, the Prior Agreements shall continue in effect hereunder (and to this extent shall be considered Participant Agreements). Except as provided in this Section 2.2, the Transferred Individuals shall cease to have any rights under the Prior Agreements immediately after the close of the Distribution Date.

2.3 SUPERSESSSION. The Company and a Transferred Individual may enter into one or more amendments to the Prior Agreements, and they may enter into a new Split-Dollar Life Insurance Agreement, a new Collateral Assignment or both, which shall supersede in part or in whole, as appropriate, the Prior Agreements. Further, as a condition of continuing as a Participant, the Company may require a Transferred Individual to execute any such document (and to perform such acts) as may be necessary or desirable to effectuate the assumption by the Company of all of the right, title, interests, and obligations of Equifax Inc. in and to the Transferred Individual's Prior Agreements.

#### ARTICLE III - DEFINITIONS

The following terms shall have the meanings ascribed to them below for purposes of the Plan, the Participant Agreements and the Questions and Answers for the Executive Life and Supplemental Retirement Benefit Plan, as initially in effect following the Distribution Date, and any amendments, supplements or successors thereto. Other capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Participant Agreements.

3.1 CAUSE. "Cause" shall mean termination by the Company of the Participant's employment upon any one of the following circumstances:

(a) the Participant's willful and continued failure to substantially perform the Participant's duties with the Company (other than any failure resulting from the Participant's incapacity due to physical or mental illness, including being Permanently Disabled), after a written demand for substantial performance is delivered to the Participant by the Chief Executive Officer of the Company (or if the Participant is the Chief Executive Officer, the Chairman of the Compensation and Human Resources Committee of the Board of Directors) that specifically identifies the manner in which the Chief Executive Officer (or the Chairman) believes that the Participant has not substantially performed the Participant's duties, or

(b) the Participant willfully engaging in conduct that is materially injurious to the Company, monetarily or otherwise.

For purposes of this Section 3.1, no act, or failure to act, on the Participant's part will be considered "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company. Notwithstanding the above, the Participant will not be deemed to have been terminated for Cause unless and until the Participant has been given a copy of a Notice of Termination from the Chief Executive Officer of the Company (or if the Participant is the Chief Executive Officer, the Chairman of the Compensation and Human Resources Committee of the Board of Directors), after reasonable notice to the Participant and an opportunity for the

Participant, together with the Participant's counsel, to be heard before (i) the Chief Executive Officer, or (ii) if the Participant is an elected officer of the Company, the Board of Directors of the Company, finding that in the good faith opinion of the Chief Executive Officer, or, in the case of an elected officer, finding that in the good faith opinion of two-thirds of the Board of Directors, the Participant committed the conduct set forth above in clauses (a) or (b) of this Section 3.1, and specifying the particulars of that finding in detail.

3.2 CHANGE IN CONTROL. "Change in Control" shall mean the occurrence of any one of the following events during the period in which the Plan remains in effect:

(a) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this paragraph (a), a Change in Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (i) directly from the Company that is approved by the Incumbent Board, (ii) by the Company, (iii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (iv) by any Person pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of paragraph (b) below,

(b) Business Combinations. The consummation of a Business Combination, unless, immediately following that Business Combination, (i) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the entity resulting from that Business Combination (including an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (ii) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (iii) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the action of the board providing for that Business Combination;

(c) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

(d) Liquidations or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a

Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of paragraph (b) above.

For purposes of this Section 3.2, the following definitions will apply:

"Beneficial Ownership" means beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

"Business Combination" means a reorganization, merger or consolidation of the Company.

"Eighty Percent (80%) Subsidiary" means an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

"Exchange Act" means the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

"Incumbent Board" means a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of the day after the spinoff of the Company from Equifax Inc. becomes effective, or (b) members who become members of the Company's Board of Directors subsequent to such date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

"Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act).

"Voting Stock" means the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board of Directors.

3.3 CLAIMANT. "Claimant" shall have the meaning given to it in Section 4.1.

3.4 COMMENCEMENT DATE. "Commencement Date" shall have the meaning given to it in Section 2.1.

3.5 COMPANY. "Company" shall mean Certegy Inc., a Georgia corporation, and its successor or successors.

3.6 COMPETITIVE ACTIVITY. A Participant or former Participant shall be deemed to engage in "Competitive Activity" if he or she:

(a) directly or indirectly owns, operates, controls, participates in, performs services for, or otherwise carries on, a business substantially similar to or competitive with the business conducted by the Company or any Subsidiary (without limit to any particular region, because Participant acknowledges that such business may be engaged in effectively from any location in the United States or Canada); provided that nothing set forth in this paragraph (a) will prohibit a Participant from owning not in excess of 5% of any class of capital stock of any corporation if such stock is publicly traded and listed on any national or regional stock exchange or on the Nasdaq Stock Market;

(b) directly or indirectly attempts to persuade any employee or customer of the Company or any Subsidiary to terminate such employment or business relationship in order to enter into any such relationship on behalf of the Participant or any third party in competition with the business conducted by the Company or any Subsidiary; or

(c) directly or indirectly engages in any activity that is harmful to the interests of the Company or any Subsidiary, as determined by the Compensation and Human Resources Committee in its sole discretion, including the disclosure or misuse of any confidential information or trade secrets of the Company or a Subsidiary.

3.7 DISTRIBUTION DATE. "Distribution Date" shall have the meaning given to it in the Employee Benefits Agreement between Equifax Inc. and Certegy Inc.

3.8 GOOD REASON. "Good Reason" shall mean a termination by the Participant of the Participant's employment within the period of time beginning six (6) months prior to a Change in Control and ending on the third anniversary of such Change in Control and based on:

(a) The assignment to the Participant of duties inconsistent with the Participant's position and status with the Company as they existed immediately prior to the Change in Control, or a substantial change in the Participant's title, offices or authority, or in the nature of the Participant's responsibilities, as they existed immediately prior to the Change in Control, except in connection with the termination of the Participant's employment by the Company for Cause, by the Participant other than for Good Reason or as a result of death;

(b) A reduction by the Company in the Participant's base salary as in effect on the Commencement Date or as the Participant's salary may be increased from time to time;

(c) A failure by the Company to continue the Company's incentive compensation plan(s), as it may be modified from time to time, substantially in the form in effect immediately prior to a Change in Control (the "Incentive Plan"), or a failure by the Company to continue the Participant as a participant in the Incentive Plan on at least the basis of the Participant's participation immediately prior to a Change in Control, or to pay the Participant the amounts that the Participant would be entitled to receive in accordance with the terms of the Incentive Plan (as in effect immediately prior to the Change in Control);

(d) The Company requiring the Participant to be based more than thirty-five (35) miles from the location where the Participant is based prior to the Change in Control, except for required travel on Company business to an extent substantially consistent with the Participant's business travel obligations immediately prior to the Change in Control; or if the Participant consents to the relocation, the failure by the Company to pay (or reimburse the Participant for) all reasonable moving expenses incurred by the Participant or to indemnify the Participant against any loss realized on the sale of the Participant's principal residence in connection with the relocation;

(e) The failure by the Company to continue in effect any retirement plan, compensation plan, performance share plan, stock option plan, life insurance plan, health and accident plan, disability plan or another benefit plan in which the Participant is participating immediately prior to a Change in Control (except that the Company may cancel any such plans without triggering this paragraph (e), if it provides the Participant with substantially similar benefits under another plan), the taking of any action by the Company that would adversely affect the Participant's participation or materially reduce the Participant's benefits under any such plans or deprive the Participant of any material fringe benefit enjoyed by the Participant immediately prior to a Change in Control, or the failure by the Company to provide the Participant with the number of paid vacation days to which the Participant is then entitled in accordance with the Company's normal vacation practices in effect immediately prior to a Change in Control; or

(f) Any purported termination not effected pursuant to a Notice of Termination shall not be valid for purposes of this Plan.

3.9 INSURANCE COMPANY. "Insurance Company" shall mean Pacific Life Insurance Company, or such successor or successors that have issued life insurance policies on the lives of the Participants with respect to the Plan.

3.10 NOTICE OF TERMINATION. A "Notice of Termination" shall mean a written notice that indicates the specific provision in the definition of Cause relied upon as the basis for the Participant's termination of employment and setting forth in reasonable detail the facts and circumstances claimed to provide a basis for the termination of Participant's employment under the provision so indicated.

3.11 PARTICIPANT. "Participant" shall mean those specified executives of the Company or any affiliate who have been designated by the Plan Administrator or Company's Chief Executive Officer as eligible to participate herein (or who are automatically eligible to participate under Section 2.1), who have completed all enrollment documents as specified in Section 2.1 and who remain so qualified.

3.12 PARTICIPANT AGREEMENTS. "Participant Agreements" shall have the meaning given to it in Section 2.1.

3.13 PERMANENTLY DISABLED. "Permanently Disabled" shall mean the Participant suffering a sickness, accident or injury, which in the determination of the Plan Administrator would entitle the Participant to disability benefits under either social security or the Company's

long-term disability plan. The Company reserves the right to require the Participant to first qualify for disability benefits under either social security or the Company's long-term disability plan before determining whether such Participant is Permanently Disabled for purposes of this Plan.

3.14 PLAN. "Plan" shall mean this Executive Life and Supplemental Retirement Benefit Plan, as amended and restated from time to time.

3.15 PLAN ADMINISTRATOR. "Plan Administrator" shall mean the Compensation and Human Resources Committee of the Board of Directors of the Company, or its designee or designees.

3.16 POLICY. "Policy" shall have the meaning given to it in Article I.

3.17 PRIOR AGREEMENTS. "Prior Agreements" shall have the meaning given to it in Section 2.1.

3.18 PRIOR PLAN. "Prior Plan" shall have the meaning given to it in Article I.

3.19 RETIREMENT. "Retirement" shall mean a Participant's termination of employment with the Company and all affiliates after (a) attaining age 65, (b) attaining age 55 and five "Years of Vesting Service," or (c) attaining age 50 and the Participant's age plus his or her "Years of Benefit Service" equals at least 75. "Years of Vesting Service" and "Years of Benefit Service" shall have the meanings given to them in the Certegy Inc. U.S. Retirement Income Plan.

3.20 SUBSIDIARY. "Subsidiary" shall mean an entity more than fifty percent (50%) of whose equity interests are owned directly or indirectly by the Company.

3.21 TRANSFERRED INDIVIDUAL. "Transferred Individual" shall have the meaning given to it in Section 2.1.

#### ARTICLE IV - CLAIMS PROCEDURES

4.1 CLAIMS AND REVIEW PROCEDURES. The claims procedures contained in this Article IV shall apply for all purposes of this Plan and the benefits provided herein and through the Participant Agreements. The claims procedure in Section 4.2 below shall be followed with respect to benefits provided by the Insurance Company under the terms of the Policies. The claims procedures in Section 4.3 below shall be followed with respect to benefits provided directly by the Company. The Participant and his or her heirs, successors, beneficiaries and personal representatives (individually or collectively, a "Claimant") must follow both procedures, if necessary.

4.2 FILING A CLAIM FOR INSURANCE BENEFITS. A Claimant shall make a claim for death benefits provided by the Insurance Company by submitting a written claim and proof of claim to the Insurance Company in accordance with procedures and guidelines established from time to time by the Insurance Company. On written request, the Plan Administrator shall provide copies of any claim forms or

instructions, or advise the Claimant how to obtain such forms or instructions. The Insurance Company shall decide whether the claim for death benefits shall be allowed. If a claim is denied in whole or in part, the Insurance Company shall notify the Claimant and explain the procedure for reviewing a denied claim.

#### 4.3 FILING A CLAIM WITH THE COMPANY.

(A) INITIAL PROCEDURES. If a Claimant does not receive the Company benefits under this Plan to which the Claimant believes he or she is entitled, the Claimant must file a written claim for benefits in accordance with the terms of this Article. Not later than ninety (90) days after receipt of such a claim, the Plan Administrator shall render a written decision on the claim to the Claimant, unless special circumstances require the extension of such ninety (90) day period. If such extension is necessary, the Plan Administrator shall provide the Claimant with written notification of such extension before the expiration of the initial ninety (90) day period. Such notice shall specify the reason or reasons for such extension and the date by which a final decision can be expected. In no event shall such extension exceed a period of sixty (60) days from the end of the initial ninety (90) day period.

(B) CLAIM DENIAL. In the event the Plan Administrator denies the claim of a Claimant in whole or in part, the Plan Administrator's written notification shall specify, in a manner calculated to be understood by the Claimant, (a) the reason for the denial, (b) a reference to the Plan or other document or form that is the basis for the denial, (c) a description of any additional material or information necessary for the Claimant to perfect the claim, (d) an explanation as to why such information or material is necessary, and (e) an explanation of the applicable claims procedure.

(C) SUBSEQUENT CLAIM REVIEW. If the claim is denied in whole or in part and should the Claimant be dissatisfied with the Plan Administrator's disposition of the Claimant's claim, the Claimant may have a full and fair review of the claim by the Compensation and Human Resources Committee of the Board of Directors of the Company (the "Committee") upon written request. Such request for additional review of the claim must be submitted by the Claimant or the Claimant's duly authorized representative and received by the Committee within sixty (60) days after the Claimant receives written notification that the Claimant's claim has been denied by the Plan Administrator. In connection with such review, the Claimant or the Claimant's duly authorized representative shall be entitled to review pertinent documents and submit the Claimant's views as to the issues, in writing. The Committee shall act to deny or accept the claim within sixty (60) days after receipt of the Claimant's written request for review. The action of the Company shall be in the form of a written notice to the Claimant and its contents shall include all of the requirements for action on the original claim. In no event may a Claimant commence legal action for benefits the Claimant believes are due until the Claimant has exhausted all of the remedies and procedures afforded the Claimant by this Article.

(D) SATISFACTION OF CLAIM. Any payment made to a Claimant may be made pursuant to a requirement that the Claimant execute a receipt and release therefore in such form as shall be determined by the Plan Administrator, and any payment or other distribution to a Claimant may be delayed until the Plan Administrator receives a properly executed receipt and release.

ARTICLE V - EFFECT OF A CHANGE IN CONTROL

In the event of a Change in Control, the trustee of the grantor trust that has been established by the Company with respect to the Plan shall, as provided in such grantor trust, ensure that appropriate Company contributions to the grantor trust and payments of Policy premiums from the grantor trust are made with respect to the Participants.

ARTICLE VI - AMENDMENT AND TERMINATION

6.1 AMENDMENT. The Company reserves the right to amend this Plan at any time by action of the Company's Board of Directors. The Company, however, may not make any amendment that changes the definition of "Change in Control" or "Good Reason" after a Change in Control has occurred with respect to such Change in Control without the written consent of all Participants as of the date of such change.

6.2 TERMINATION. The Company reserves the right to terminate this Plan, by action of the Company's Board of Directors, at any time it deems appropriate. Upon termination of the Plan, no further Policy premium payments shall be made by the Company and the rights of Participants with respect to their Policies shall be as set forth in their respective Split-dollar Life Insurance Agreements. Except as expressly provided in this Plan, the Company shall not have any further financial obligations to any Participant after the termination of this Plan. The Company shall provide written notice to all Participants if the Plan is terminated. Notwithstanding the preceding provisions of this Section 6.2, in the event of a Change in Control, the Company shall not be able to reduce a Participant's rights pursuant to this Section 6.2 to an extent that exceeds its ability to reduce the Participant's rights under Section 6.1.

ARTICLE VII -- ADMINISTRATION

7.1 PLAN ADMINISTRATOR. The Plan shall be administered by the Plan Administrator, who shall establish operating guidelines from time to time for purposes of the administration of the Plan.

7.2 POWERS AND DUTIES OF THE PLAN ADMINISTRATOR. Subject to the express terms and conditions set forth herein, the Plan Administrator shall have the power to perform any and all actions, determinations and interpretations related to the administration of the Plan, including the power from time to time:

- (a) to carry out the general administration of the Plan;
- (b) to cause to be prepared all forms necessary or appropriate for the administration of the Plan;
- (c) to keep appropriate books and records;
- (d) to determine, consistent with the provisions of this instrument all questions of eligibility, rights, and status of Participants under the Plan;



(e) to issue, amend, and rescind rules relating to the administration of the Plan, to the extent those rules are consistent with the provisions of this instrument;

(f) to establish uniform rules that shall govern when a Participant shall be continuously employed by the Company and/or an affiliate despite such Participant's leave of absence;

(g) to exercise all other powers and duties specifically conferred upon the Committee elsewhere in this instrument; and

(h) to interpret, with discretionary authority, the provisions of this Plan and to resolve, with discretionary authority, all disputed questions of Plan interpretation and benefit eligibility, provided that such discretionary authority shall not apply following a Change in Control with respect to a benefit claim by (or with respect to) an individual who was a Participant at the time of the Change in Control, unless the Participant consents in writing.

7.3 PLAN EXPENSES. Expenses of Plan administration shall be paid by the Company, and if not paid within a reasonable time period, such expenses shall be paid by the grantor trust that has been established by the Company with respect to the Plan.

7.4 ADMINISTRATION. The Committee shall be entitled to rely on all tables, valuations, certificates, opinions, data and reports furnished by any actuary, accountant, controller, counsel or other person employed or retained by the Company with respect to the Plan. The Plan Administrator shall serve without bond and without compensation for services hereunder.

7.5 PAYMENT OF BENEFITS. With respect to the discretion of the Plan Administrator and the standard of review applicable to benefit determinations, benefits under this Plan will be paid only if the Plan Administrator or the Company decides in its discretion that the Participant or Claimant is entitled to them, provided that such discretion shall not apply following a Change in Control with respect to a benefit claim by (or with respect to) an individual who was a Participant at the time of the Change in Control, unless the Participant consents in writing.

7.6 PLAN TAXES. If the whole or any part of a Participant's Policy (or the cash surrender value thereof) becomes subject to any estate, inheritance, income, employment or other tax which the Company may be required to pay or withhold for or on behalf of the Participant, the Company shall have the full power and authority to withhold and pay such tax out of any moneys or other property in its hand for the benefit of the Participant. To the extent practicable, the Company shall provide the Participant notice of such withholding. Prior to making any payment, the Company may require such releases or other documents from any lawful taxing authority as it shall deem necessary.

7.7 CREDITOR STATUS. Any funds invested in any trust established with respect to the Plan shall continue for all purposes to be part of the general assets of the Company and available to its general creditors in the event of bankruptcy or insolvency. A Participant's benefits which may be payable pursuant to this Plan are not subject in any manner to anticipation, sale,

alienation, transfer, assignment, pledge, encumbrance, charge, attachment, or garnishment by a Participant, a Participant's beneficiary, or the creditors of either. The Plan constitutes a mere promise by the Company to make benefit payments in the future. No interest or right to receive a benefit may be taken, either voluntarily or involuntarily, for the satisfaction of the debts of, or other obligations or claims against, a Participant, a Participant's beneficiary, or any other person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

#### ARTICLE VIII - MISCELLANEOUS

8.1 EMPLOYMENT EFFECTS. Nothing contained in this Plan or any action taken under the Plan shall be construed as a contract of employment or as giving any Participant any right to be retained in employment with the Company or its affiliates. The Company and its affiliates specifically reserve the right to terminate any Participant's employment at any time with or without cause, and with or without notice or assigning a reason, subject to the terms of any written employment agreement between the Participant and the Company or any affiliate.

8.2 LIABILITY AND INDEMNIFICATION. The Company shall indemnify, to the fullest extent permitted by law, the Plan Administrator and directors, officers and employees of the Company and its affiliates, both past and present, to whom are or were delegated duties, responsibilities or authority with respect to the Plan, against any and all claims, losses, liabilities, fines, penalties and expenses (including, but not limited to, all legal fees relating thereto), reasonably incurred by or imposed upon such persons, arising out of any act or omission in connection with the operation and administration of the Plan, other than willful misconduct.

8.3 WAIVER OF BREACH. The Company's or the Plan Administrator's waiver of any Plan or Participant Agreement provision shall not operate or be construed as a waiver of any subsequent breach by a Participant.

8.4 GENDER, NUMBER AND EXAMPLES. Except where otherwise indicated by the context, in this Plan, the singular or plural number and the masculine, feminine or neuter gender shall be deemed to include the other. Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passage of the Plan shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

8.5 SEVERABILITY. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

8.6 SUCCESSORS. All obligations and rights of the Company under the Plan shall be binding on and inure to the benefit of any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, acquisition, consolidation, affiliation or other corporate restructuring.

8.7 TAX EFFECTS. The Company makes no promise, guarantee or warranty, express or implied, concerning the federal, state or local income or employment tax treatment of any amount of benefits (including the cash surrender value of any Participant's Policy) that may be paid to or accrued for the benefit of a Participant.

8.8 BENEFITS PROVIDED THROUGH INSURANCE. Although the Company may assist Participants in obtaining life insurance coverage on the life of the Participant, the Company is not responsible for paying any life insurance benefits which are not paid by the Insurance Company, including whether such nonpayment is caused by refusal of the Insurance Company to pay by virtue of a legal reason for nonpayment, inability of the Insurance Company to pay, or any other reason.

8.9 APPLICABLE LAW. All questions pertaining to the construction, validity and effect of the Plan shall be determined in accordance with the laws of the United States and to the extent not preempted by such laws, by the laws of the State of Georgia.

8.10 EFFECT ON OTHER COMPANY BENEFITS. The benefits provided by this Plan shall replace the Participant's benefits provided by the Company to its employees under the basic life insurance, basic accidental death and dismemberment insurance and its retiree life insurance plans, and after becoming a Plan Participant, the Participant shall no longer be eligible to participate in such plans. However, Plan Participants shall remain eligible to participate in any other benefit plan of the Company as provided in such plans, including supplemental life and supplemental accidental death and dismemberment insurance.

8.11 TRANSFERRED INDIVIDUALS. Notwithstanding anything in the Plan or the Participant Agreements to the contrary, and as provided by the Employee Benefits Agreement between Equifax Inc. and Certegy Inc., all service and other benefit-affecting determinations for Transferred Individuals that, as of the close of the Distribution Date, were recognized under the Prior Plan for this purpose for periods before the close of the Distribution Date, shall, effective immediately after the close of the Distribution Date, receive full recognition, credit and validity and shall be taken into account under this Plan to the same extent as if such items occurred under the Prior Plan, except to the extent that duplication of benefits would result. Specifically, even though Transferred Individuals obtain a new Commencement Date as of the close of the Distribution Date by becoming Participants in this Plan, (a) the Policy issued as a result of their participation in the Prior Plan shall continue in effect under this Plan and (b) their "Years of Benefit Service" and "Years of Vesting Service" (as defined in Section 3.19) shall include prior service earned as an employee of Equifax Inc.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has executed this Plan effective as of immediately after the close of the Distribution Date.

CERTEGY INC.

By: /s/ Richard D. Gapen

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Name: Richard D. Gapen  
Title: Corporate Vice President of  
Human Resources

CERTEGY INC.

EXECUTIVE LIFE AND SUPPLEMENTAL  
RETIREMENT BENEFIT PLAN

SPLIT DOLLAR LIFE INSURANCE AGREEMENT  
(NEW PARTICIPANT)

THIS SPLIT DOLLAR LIFE INSURANCE AGREEMENT (the "Agreement") is entered into by and between Certegy Inc. (the "Company"), and \_\_\_\_\_ a key employee and executive of the Company (the "Participant") effective as of the \_\_\_\_ day of \_\_\_\_\_, 2001 (the "Commencement Date").

WITNESSETH:

WHEREAS, the Participant is a participant in the Executive Life and Supplemental Retirement Benefit Plan of the Company (the "Plan");

WHEREAS, the Company is willing to make contributions to the life insurance policy that is owned by the Participant as an additional form of compensation to the Participant as its employee; and

WHEREAS, the Participant desires to undertake those steps that are necessary to institute his participation in the Plan, including executing the Participant Agreements.

NOW, THEREFORE, in consideration of these factors and the mutual covenants contained in this Agreement, the Company and the Participant mutually agree as follows:

ARTICLE I -- DEFINITIONS

The following terms shall have the meanings ascribed to them below for purposes of this Agreement. Other capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Plan:

"COLLATERAL ASSIGNMENT" means the assignment in a form acceptable to the Insurer and the Company, by and from the Participant to the Company, as the same may be modified, amended, supplemented, restated or extended from time to time, pursuant to which the Participant assigns the Policy and the Policy Proceeds to the Company to secure the Participant's obligation to repay the Secured Amount to the Company.

"COMPANY PREMIUMS" means at any point in time the aggregate sum of all premium payments (whether made pursuant to the terms of the Policy or called for and due under this Agreement) then or theretofore actually paid by the Company to the Insurer and credited to the Policy.

"INSURER" means the insurance company listed on Exhibit A, and its successors and assigns.

"POLICY" means the policy or policies of life insurance (more particularly described in Exhibit A) issued by the Insurer on the life of the Participant and legally owned by the Participant, together with any and all supplements, endorsements and amendments thereto.

"POLICY DEATH BENEFIT" means at any point in time the total proceeds of the Policy payable when it becomes a claim at death.

"POLICY PROCEEDS" means any and all proceeds of any type of, from or under the Policy, including (i) the cash surrender value of the Policy, (ii) any and all proceeds of the Policy payable when it becomes a claim at death, maturity or otherwise, and (iii) distributions or shares of surplus, dividends, deposits or additions to the Policy, now or hereafter made thereunder or apportioned thereto.

"ROLLOUT DATE" has the meaning given to it in Section 7.01.

"SECURED AMOUNT" has the meaning given to it in Section 3.03.

#### ARTICLE II - APPLICATION FOR POLICY

The Participant has applied to the Insurer for the Policy and the Participant with the assistance of the Company will take all reasonable and necessary steps to cause the Policy to be issued. The Policy shall provide the Participant a death benefit equal to the amount determined in the sole discretion of the Plan Administrator or the Company's Chief Executive Officer. Such death benefit shall be listed on Exhibit A as the "Participant Death Benefit." The Policy shall at all times be subject to the terms of this Agreement and the Plan.

#### ARTICLE III -- POLICY INTERESTS

3.01 OWNERSHIP OF POLICY. The Policy shall be owned by and legal title shall be held by the Participant. Unless otherwise provided by this Agreement, the Company shall have no legal, equitable or beneficial right, title or interest in and to the Policy, except to the extent of the lien on and security interest in the Policy and the Policy Proceeds created under the Collateral Assignment.

3.02 COLLATERAL ASSIGNMENT. The Participant shall execute together with this Agreement the Collateral Assignment documenting the Company's lien on and security interest in the Policy and the Policy Proceeds.

3.03 SECURED AMOUNT. Subject to the next two sentences, the amount that is secured (the "Secured Amount") by the Collateral Assignment and repayable to the Company upon the occurrence of the Rollout Date shall (a) if the Rollout Date is triggered by the death of the Participant, be equal to the excess of the Policy Death Benefit over the Participant Death Benefit (as listed in Exhibit A) or (b) if the Rollout Date is triggered by any other event, be equal to the

lesser of the Policy's cash surrender value or the Company Premiums. Notwithstanding the preceding sentence, if the Participant's employment with the Company is terminated for Cause or if the Participant's employment with the Company is terminated (voluntarily or involuntarily) when the Participant is not vested in his or her Policy pursuant to Section 3.04, then the Secured Amount shall be equal to the cash surrender value of the Policy. Further, in all cases, the then current outstanding dollar amount, if any, that the Company has borrowed from the Policy pursuant to terms of this Agreement and the Policy shall reduce the Secured Amount.

3.04 VESTING. The Participant shall not become vested in his or her Policy until the occurrence of the third anniversary of the Participant's Commencement Date. The Participant shall only receive credit towards becoming vested in his or her Policy, while the Participant is actively employed by the Company; provided, however the Participant shall continue to receive vesting credit towards his or her Policy after termination of employment, if (a) the Participant's employment with the Company is terminated as a result of Retirement, job elimination, Good Reason or becoming Permanently Disabled and (b) the Participant is not engaged in a Competitive Activity.

#### ARTICLE IV - PAYMENT OF PREMIUMS

From and after the Commencement Date, the Company shall pay all premium payments as they become due under the terms of the Policy. The Company's obligation to pay such premiums shall cease at the end of the premium payment schedule, or if earlier, upon the occurrence of any one of the following events:

- (a) the Participant's termination of employment with the Company for any reason, other than a termination of employment on account of Retirement, Good Reason or becoming Permanently Disabled;
- (b) the Participant engaging in a Competitive Activity during the one-year period following his or her termination of employment;
- (c) the occurrence of the Rollout Date; or
- (d) the termination of the Plan.

#### ARTICLE V - COMPANY RIGHTS

In addition to any other rights provided by this Agreement, the Company shall have the following rights with respect to the Policy:

- (a) The Company shall have a lien on and security interest in the Policy and the Policy Proceeds pursuant to the Collateral Assignment;
- (b) The Company shall have the right, without the Participant's consent, to assign or otherwise transfer any or all of its right, title and interest in and to this Agreement, the Collateral Assignment, the Policy and the Policy Proceeds, absolutely or as collateral security to any person

or entity (including the Insurer or an affiliate of the Company) as determined in the discretion of the Plan Administrator;

(c) The Company shall have the right to repayment of the Secured Amount upon the Rollout Date;

(d) The Company shall have the right to borrow or withdraw from the cash surrender value of the Policy according to the Policy provisions an aggregate amount not to exceed (i) the Policy's cash surrender value for periods before the Participant is vested in the Policy pursuant to Section 3.04 and (ii) the Company Premiums for all periods after the Participant becomes vested in the Policy;

(e) The Company shall have the right to exercise all investment direction rights under the Policy while the Participant is not vested in his or her Policy pursuant to Section 3.04, and at any time thereafter upon ten (10) days advance written notice to the Participant, but only if the Company determines that it is necessary to assume authority over the investment direction in order to protect its interest in the repayment of the Secured Amount; and

(f) The Company shall have the right to terminate or otherwise restrict the Participant's rights to borrow or withdraw funds from the Policy under Article VI(b), if the Company determines in good faith that such action is desirable to avoid (or lessen) the taxation of earnings in the Policy to the Participant during the period prior to the Rollout Date. In the event the Company terminates or restricts such rights of the Participant, the Company may take appropriate steps to unwind any existing loans taken by the Participant.

#### ARTICLE VI - PARTICIPANT RIGHTS

In addition to any other rights provided by this Agreement and the Policy, the Participant shall have the following rights with respect to the Policy:

(a) The Participant shall have the right to all investment direction authority (as modified by clause (e) of Article V) under the Policy after the Participant becomes vested therein pursuant to Section 3.04;

(b) Unless terminated or restricted by the Company as provided in Article V, for periods after the Participant becomes vested in the Policy pursuant to Section 3.04, the Participant shall have the right to borrow or withdraw from the cash surrender value of the Policy an aggregate amount not greater than one half of the cash surrender value in excess of the Company Premiums determined at the time of the loan or withdrawal. For periods before the Participant is vested in the Policy pursuant to Section 3.04, the Participant shall not have the right to borrow against or withdraw from the Policy;

(c) The Participant shall have the right to designate and change the beneficiary (or beneficiaries) of the Policy;



(d) The Participant shall have the right to select optional methods of repayment with regard to the Secured Amount as provided by Section 7.03; and

(e) The Participant shall have the right to transfer to another person or entity all or a portion of the Participant's right, title and interest in and to the Policy, subject in all cases to the Plan and this Agreement, the Collateral Assignment and prior written notice to the Company.

#### ARTICLE VII - ROLLOUT DATE AND REPAYMENT OF SECURED AMOUNT

7.01 ROLLOUT DATE. This Agreement shall remain in effect from and after the Commencement Date until it terminates upon the earliest of the following events to occur (each a "Rollout Date"):

(a) The later of (i) the fifteenth anniversary of the Participant's Commencement Date, or (ii) Participant's attainment of age sixty (60);

(b) The Participant's termination of employment from the Company other than on account of (i) Retirement, (ii) becoming Permanently Disabled, (iii) Good Reason or (iv) a job elimination;

(c) The termination of the Participant's employment by the Company for Cause;

(d) The Participant engaging in a Competitive Activity during the one-year period following his or her termination of employment;

(e) The termination of the Plan;

(f) Prior to a Change in Control, the date the Company, in its sole discretion, voluntarily elects to terminate this Agreement; or

(g) The death of the Participant.

7.02 REPAYMENT OF SECURED AMOUNT UPON DEATH OF PARTICIPANT. Upon termination of this Agreement pursuant to Section 7.01(g) (i.e., the death of the Participant), the Participant agrees that the Insurer, upon written demand therefor by the Company following the death of the Participant, will pay to the Company from the Policy Proceeds an amount equal to the Secured Amount. The balance of the Policy Proceeds shall be paid to the beneficiary or beneficiaries designated to receive such balance in accordance with the terms of the Policy.

7.03 REPAYMENT OF SECURED AMOUNT IN CIRCUMSTANCES OTHER THAN DEATH. Upon termination of this Agreement pursuant to Section 7.01(a), 7.01(b), 7.01(c), 7.01(d), 7.01(e) or 7.01(f), the Participant shall, and hereby agrees to, repay to the Company the Secured Amount using one of the methods in the Participant's discretion as follows:

(a) by directing the Insurer to withdraw and pay the Secured Amount to the Company from the Policy Proceeds;

(b) by taking a loan on the Policy equal to the Secured Amount and paying such loan proceeds to the Company; or

(c) by making a payment to the Company from the Participant's separate funds equal to the Secured Amount;

provided, that if the Participant fails to make an election of one of the above methods and to repay to the Company the Secured Amount within thirty (30) days following the termination of this Agreement, the Company will elect the repayment method (and obtain the Secured Amount from the Policy Proceeds) from among the methods described in clause (a) or (b) of this sentence. Notwithstanding anything to the contrary, if this Agreement and the Collateral Assignment shall have been assigned as provided in Article V(b), and provided the Participant has been given notice thereof, the payments or transfer to be made in satisfaction of the Participant's repayment obligations hereunder shall be distributed or made in accordance with the instruments evidencing or governing the terms of such assignment for application to the obligations and indebtedness secured thereby in order of priority established by such instruments.

7.04 AFTER REPAYMENT OF SECURED AMOUNT. After this Agreement terminates and the Secured Amount is repaid to the Company pursuant to this Article, the Company shall release the Collateral Assignment, thereby restoring in the Participant all rights with respect to the Policy.

#### ARTICLE VIII - MISCELLANEOUS

8.01 AGREEMENT SUBJECT TO THE PLAN. The terms and provisions of this Agreement shall at all times be subject to the terms and provisions of the Plan. If any terms or provisions of this Agreement shall conflict with the terms or provisions of the Plan, the terms and provisions of the Plan shall control.

8.02 BINDING EFFECT. This Agreement and the rights and obligations herein shall inure to the benefit of and bind the heirs, legal representatives, successors and assigns of the parties hereto, including successors of the Company resulting from a direct or indirect purchase, merger, acquisition, consolidation, affiliation or other corporate restructuring.

8.03 AMENDMENT OF AGREEMENT. The terms and provisions of this Agreement may be amended by the Company in its sole discretion at any time; provided, however, (a) any amendment to this Agreement that imposes new responsibilities on the Participant must be by mutual agreement of the Participant and the Company, and shall be in writing and signed by the Participant and the Company and (b) the Company's power to amend this Agreement shall be subject to the Plan restrictions on the Company's power to amend the Plan.

8.04 GOVERNING LAW. This Agreement shall be subject to and governed by the laws of the State of Georgia, without regard to choice of law or conflict of law principles, except to the extent such laws shall be superceded by the laws of the United States.

8.05 GENDER, NUMBER AND EXAMPLES. Except where otherwise indicated by the context, in this Agreement, the singular or plural number and the masculine, feminine or neuter

gender shall be deemed to include the other. Whenever an example is provided or the text uses the term "including" followed by a specific item or items, or there is a passage having a similar effect, such passage of this Agreement shall be construed as if the phrase "without limitation" followed such example or term (or otherwise applied to such passage in a manner that avoids limitation on its breadth of application).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement is executed effective as of the Commencement Date.

CERTEGY INC.

By: -----

Name:

Title:

-----

Participant

SPLIT DOLLAR LIFE INSURANCE AGREEMENT

EXHIBIT A

LIFE INSURANCE BENEFIT

Insurer: -----

Policy Number: -----

Effective Date of Policy: -----

Participant Death Benefit: \$ -----

## GRANTOR TRUST AGREEMENT

THIS GRANTOR TRUST AGREEMENT (the "Trust Agreement") is made effective this 8th day of July, 2001, by and between Certegy Inc., a Georgia corporation, (the "Company") and Wachovia Bank, N.A. (the "Trustee").

## RECITALS

- (a) WHEREAS, the Company has adopted the Executive Life and Supplemental Retirement Benefit Plan (the "Plan");
- (b) WHEREAS, the Company has incurred or expects to incur liability under the terms of the Plan with respect to the individuals participating in the Plan and their designated beneficiaries (the "Participants" and "Beneficiaries");
- (c) WHEREAS, the Company hereby establishes this Trust (the "Trust") and shall contribute to the Trust assets that shall be held therein, subject to the claims of the Company's creditors in the event of the Company's Insolvency, as herein defined, until distributed in such manner and at such times as specified in the Plan and in this Trust Agreement;
- (d) WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); and
- (e) WHEREAS, it is the intention of the Company to make contributions to the Trust to provide itself with a source of funds (the "Fund") to assist it in satisfying its liabilities under the Plan in the circumstances described herein.

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

## SECTION 1. ESTABLISHMENT OF THE TRUST

- (a) The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.
- (b) The Company shall be considered the grantor for the purposes of the Trust.
- (c) The Trust hereby established is revocable by the Company; and it shall become irrevocable upon a Change of Control, as defined in Section 15.

- (d) The Company hereby deposits with the Trustee in the Trust One Thousand Dollars (\$1,000.00) which shall become the initial principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement.
- (e) The principal of the Trust, and any earnings thereon shall be held in the Trust separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes of Participants and general creditors as herein set forth. Participants and their Beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be unsecured contractual rights of Participants and their Beneficiaries against the Company. Any assets held by the Trust will be subject to the claims of the general creditors of the Company under federal and state law in the event the Company is Insolvent, as defined in Section 3(a) herein.
- (f) The Company, in its sole discretion, may at any time, and from time to time, make additional deposits of cash or other property, including Company stock, acceptable to the Trustee to augment the principal to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. Prior to a Change of Control, neither the Trustee nor any Participant or Beneficiary shall have any right to compel additional deposits.
- (g) Upon a Potential Change of Control (as defined in Section 15), the Company shall, as soon as possible, but in no event longer than thirty (30) days following the occurrence of a Potential Change of Control, make an additional contribution to the Trust, if required, in an amount that is sufficient, when aggregated with the other assets of the Trust, to fund the Trust in an amount equal to no less than 100% but no more than 120% of the amount necessary to pay the insurance premiums required on Policies, as defined herein, purchased pursuant to the Plan, until such Policies have been fully paid, in accordance with Section 2(c) below.
- (h) In the event a Change of Control does not occur within one year of a Potential Change of Control, the Company shall have the right to recover any amounts contributed to and remaining on hand in the Trust.
- (i) Upon a Change of Control, the Company shall, as soon as possible, but in no event longer than thirty (30) days following the occurrence of a Change of Control make an irrevocable contribution to the Trust in any additional amount which is necessary to be sufficient to fund the Trust in an amount equal to no less than 100% but no more than 120% of the amount necessary to pay the insurance premiums required on Policies purchased pursuant to the Plan, until such Policies have been fully paid, in accordance with Section 2(c) below.

SECTION 2.

PAYMENTS FROM THE TRUST

- (a) Prior to a Change of Control, distributions from the Trust shall be made by the Trustee to the insurance company identified in or pursuant to Section 2(e) below (the "Insurance Company") at the direction of the Company.
- (b) As insurance premiums become due with respect to the life insurance policies (each a "Policy") purchased pursuant to the Plan on the lives of the Participants, the Company shall - (i) pay such insurance premiums directly to the Insurance Company, (ii) transfer to the Trustee within thirty (30) days prior to the premium due date funds sufficient to allow the Trustee to pay to the Insurance Company such insurance premiums, or (iii) direct the Trustee to pay directly to the Insurance Company such insurance premiums from the Fund.
- (c) (1) After a Potential Change of Control and before a Change of Control, the Company shall deliver to the Trustee a schedule of insurance premiums due under the Plan. Subsequent to a Change of Control, the Trustee shall pay insurance premiums due in accordance with such schedule. If the Company has not transferred the required amounts at least thirty (30) days prior to each due date, the Trustee shall make such payments from the assets of the Fund. If the principal of the Trust, and any earnings thereon, are not sufficient to make payments of insurance premiums in accordance with the terms of such schedule, the Company shall make the balance of each such payment as it falls due in accordance with such Schedule. The Trustee shall notify the Company in the event that principal and earnings are not sufficient to make any premium payment. Nothing in this Trust Agreement shall relieve the Company of its liabilities to pay benefits due under the Plan except to the extent such liabilities are met by application of assets of the Trust.
- (2) Subsequent to a Change of Control, if the Company borrows any portion of the cash surrender value of any Policy, the Trustee shall immediately repay to the Insurance Company any amount that has been so borrowed, as certified to it by the Participant whose Policy is the subject of the loan. The Trustee may request any further reasonable evidence of such a loan.
- (3) Subsequent to a Change of Control, if the Trustee becomes aware that the Company withdraws any portion of the cash surrender value of any Policy, the Trustee shall consult with the Insurance Company or the broker of record, as it deems appropriate, to determine the maximum premiums which may be paid on an annual basis to restore any such withdrawal and to retain the life insurance nature of the Policy, and shall make said payments.
- (d) The Trustee may institute an action to collect a contribution due the Trust following a Change of Control or in the event that the Trust should ever experience a short-fall in the amount of assets necessary to make current payments pursuant to the terms of the Plan.



- (e) The primary purposes of this Trust are to insure (i) that, following a Change of Control, premiums will continue to be paid to Pacific Life Insurance Company, or such successor company as the Company may identify to the Trustee in writing, as required pursuant to the Plan and all split-dollar life insurance agreements with employees of the Company or its subsidiaries which have been entered into by the Company and Plan Participants pursuant to the Plan, and (ii) that any successor to the Company, or its successor management, does not withdraw cash values from the Policies prior to the respective distribution dates of said Policies. Prior to a Change of Control, the payment of Policy insurance premiums will be made pursuant to the provisions of Section 2(b). Subsequent to a Change of Control, the Trustee shall make such payments unless the Company has previously certified to having made them, according to the provisions hereof. In order to make such payments, the Trustee may be required to sell all or a portion of any assets held in the Fund. In the event that the Fund includes Company stock, the Company hereby agrees to promptly, and in any event within sixty (60) days of a request for registration by the Trustee, take any and all actions necessary to register the Company stock held in the fund for sale and to maintain on a continuous basis any registrations required to permit said sales pursuant to applicable federal and state laws, until all Company stock has been sold. In connection with any such securities registrations, the Company shall take any and all actions necessary in connection therewith, including without limitation: (i) causing any special audits to be performed, if required and (ii) if requested by the Trustee, entering into an underwriting agreement with underwriters selected by the Trustee in customary form including providing indemnification for the underwriters and the Trustee. Any and all costs arising in connection with the filing of any securities registrations, including the fees and disbursements of counsel for the Trustee, shall be borne entirely by the Company other than underwriting discounts and commissions or commissions of broker dealers which shall be payable by the Trustee from the assets of the Trust. The Company consents that an action may be brought in equity or in law by the Trustee or by any Participant in the Plan, to compel its compliance with the provisions of this Trust, including but not limited to the foregoing sentence and the provisions of Section 2(d) above.

SECTION 3. TRUSTEE RESPONSIBILITY REGARDING PAYMENTS WHEN THE COMPANY IS INSOLVENT

- (a) The Trustee shall cease payment of insurance premiums to the Insurance Company if the Company is Insolvent. The Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) the Company is unable to pay its debts as they become due, (ii) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code or (iii) the Company is determined to be insolvent by the Federal Deposit Insurance Corporation, the Federal Reserve, or the Office of the Comptroller of Currency.
- (b) At all times during the continuance of this Trust, the principal and income of the Trust shall be subject to claims of general creditors of the Company under federal and state law as set forth below.

(1) The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in writing that the Company is Insolvent. If a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of insurance premiums to the Insurance Company.

(2) Unless the Trustee has actual knowledge that the Company is Insolvent, or has received notice from the Company or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning the Company's solvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning the Company's solvency.

(3) If at any time the Trustee has determined that the Company is Insolvent, the Trustee shall discontinue paying insurance premiums to the Insurance Company and shall hold the assets of the Trust for the benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Participants or their Beneficiaries to pursue their rights as general creditors of the Company with respect to payments due under the Plan or otherwise.

(4) The Trustee shall resume the payment of insurance premiums to the Insurance Company in accordance with Section 2 of this Trust Agreement only after the Trustee has determined that the Company is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if the Trustee discontinues the payment of insurance premiums from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to the Insurance Company under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to the Insurance Company by the Company in lieu of the payments provided for hereunder during any such period of discontinuance.

SECTION 4. PAYMENTS WHEN A SHORTFALL OF THE TRUST ASSETS OCCURS

(a) If there are not sufficient assets for the payment of insurance premiums pursuant to Section 2 or Section 3(c) hereof and the Company does not otherwise make such payments within a reasonable time after demand from the Trustee, the Trustee shall make payment of insurance premiums from the Trust to the Insurance Company for the benefit of Participants and their Beneficiaries in the following order of priority:

- (1) All Policies should be funded based on original expected performance, with premiums adequate to keep the Policies in force until the insured attains age 100; and
- (2) Any remaining funding should be made pro-rata based upon remaining scheduled premium payments.

It is understood that it is not possible to anticipate precisely future financial status of the Policies, and the contingencies that could occur both before and after a Change of Control. Therefore, the Trustee will have discretion to implement any reasonable method of allocating Trust assets that are, in its sole discretion, determined to ensure complete funding of the Policies pursuant to the premium schedule provided. The Trustee may rely solely on the services of the broker of record as well as any other sources in making this determination.

- (b) Upon receipt of a contribution from the Company necessary to make up for a shortfall in the payments due, the Trustee shall resume payments to the Insurance Company under the Plan. Following a Change of Control, the Trustee shall have the right to compel a contribution to the Trust from the Company to make up for any shortfall.

#### SECTION 5. PAYMENTS TO THE COMPANY

Except as provided in Section 3 hereof in the event the Company is Insolvent, after the Trust has become irrevocable (as provided in Section 1) the Company shall have no right or power to direct the Trustee to return to the Company or to divert to others any of the Trust assets before all payment of insurance premiums have been made to the Insurance Company pursuant to the terms of the Plan.

#### SECTION 6. INVESTMENT AUTHORITY

- (a) Consistent with the provisions of Section 10(a) below, the Trustee shall not be liable in discharging its duties hereunder, including, without limitation, its duty to invest and reinvest the Fund, if it acts for the exclusive benefit of the Participants and their Beneficiaries, in good faith and as a prudent person would act in accomplishing a similar task and in accordance with the terms of this Trust Agreement and any applicable federal or state laws, rules or regulations.
- (b) Subsequent to a Change of Control, the Trustee shall have the following powers, in investing and reinvesting the Fund, in its sole discretion:
  - (1) To invest and reinvest in any readily marketable common and preferred stocks, bonds, notes, debentures (including convertible stocks and securities but not including any stock or security of the Trustee other than a de minimis amount held in a collective or mutual fund), certificates of deposit or demand or time deposits (including any such deposits with the Trustee) and shares of investment companies and mutual funds, without being limited to the classes or property in

which the Trustee is authorized to invest by any law or any rule of court of any state and without regard to the proportion any such property may bear to the entire amount of the Fund. Without limitation, the Trustee may invest the Trust in any investment company (including any investment company or companies for which the Trustee or an affiliated company acts as the investment advisor ("Special Investment Companies") or, any insurance contract or contracts issued by an insurance company or companies in each case as the Trustee may determine provided that the Trustee may in its sole discretion keep such portion of the Trust in cash or cash balances for such reasonable periods as may from time to time be deemed advisable pending investment or in order to meet contemplated payments of insurance premiums;

- (2) To commingle for investment purposes all or any portion of the Fund with assets of any other similar trust or trusts established by the Company with the Trustee for the purpose of safeguarding deferred compensation or retirement income benefits of its employees and/or directors;
- (3) To retain any property at any time received by the Trustee;
- (4) To sell or exchange any property held by it at public or private sale, for cash or on credit, to grant and exercise options for the purchase or exchange thereof, to exercise all conversion or subscription rights pertaining to any such property and to enter into any covenant or agreement to purchase any property in the future;
- (5) To participate in any plan of reorganization, consolidation, merger, combination, liquidation or other similar plan relating to property held by it and to consent to or oppose any such plan or any action thereunder or any contract, lease, mortgage, purchase, sale or other action by any person;
- (6) To deposit any property held by it with any protective, reorganization or similar committee, to delegate discretionary power thereto, and to pay part of the expenses and compensation thereof any assessments levied with respect to any such property to be deposited;
- (7) To extend the time of payment of any obligation held by it;
- (8) To hold uninvested any monies received by it, without liability for interest thereon, but only in anticipation of payments due for investments, reinvestments, expenses or disbursements;
- (9) To exercise all voting or other rights with respect to any property held by it and to grant proxies, discretionary or otherwise;
- (10) For the purposes of the Trust, to borrow money from others, to issue its promissory note or notes therefor, and to secure the repayment thereof by pledging any property held by it;

- (11) To employ suitable contractors and counsel, who may be counsel to the Company or to the Trustee, and to pay their reasonable expenses and compensation from the Fund to the extent not paid by the Company;
- (12) To register investments in its own name or in the name of a nominee; to hold any investment in bearer form; and to combine certificates representing securities with certificates of the same issue held by it in other fiduciary capacities or to deposit or to arrange for the deposit of such securities with any depository, even though, when so deposited, such securities may be held in the name of the nominee of such depository with other securities deposited therewith by other persons, or to deposit or to arrange for the deposit of any securities issued or guaranteed by the United States government, or any agency or instrumentality thereof, including securities evidenced by book entries rather than by certificates, with the United States Department of the Treasury or a Federal Reserve Bank, even though, when so deposited, such securities may not be held separate from securities deposited therein by other persons; provided, however, that no securities held in the Fund shall be deposited with the United States Department of the Treasury or a Federal Reserve Bank or other depository in the same account as any individual property of the Trustee, and provided, further, that the books and records of the Trustee shall at all times show that all such securities are part of the Trust Fund;
- (13) To settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust, respectively, to commence or defend suits or legal proceedings to protect any interest of the Trust, and to represent the Trust in all suits or legal proceedings in any court or before any other body or tribunal; provided, however, that the Trustee shall not be required to take any such action unless it shall have been indemnified by the Company to its reasonable satisfaction against liability or expenses it might incur therefrom;
- (14) To hold and retain policies of life insurance, annuity contracts, and other property of any kind which policies are contributed to the Trust by the Company or any subsidiary of the Company or are purchased by the Trustee;
- (15) To hold any other class of assets which may be contributed by the Company and that is deemed reasonable by the Trustee, unless expressly prohibited herein;
- (16) To loan any securities at any time held by it to brokers or dealers upon such security as may be deemed advisable, and during the terms of any such loan to permit the loaned securities to be transferred into the name of and voted by the borrower or others; and
- (17) Generally, to do all acts, whether or not expressly authorized, that the Trustee may deem necessary or desirable for the protection of the Fund.

- (c) Prior to a Change of Control, the Company shall have the right, subject to this Section, to direct the Trustee with respect to investments. Absent any such direction, the Trustee shall continue the investment of the Fund as provided in this section.
- (1) The Company may at any time direct the Trustee to segregate all or a portion of the Fund in a separate investment account or accounts and may appoint one or more investment managers and/or an investment committee established by the Company to direct the investment and reinvestment of each such investment account or accounts. In such event, the Company shall notify the Trustee of the appointment of each such investment manager and/or investment committee. No such investment manager shall be related, directly or indirectly, to the Company, but members of the investment committee may be employees of the Company.
  - (2) Thereafter, the Trustee shall make every sale or investment with respect to such investment account as directed in writing by the investment manager or investment committee. It shall be the duty of the Trustee to act strictly in accordance with each direction. The Trustee shall be under no duty to question any such direction of the investment manager or investment committee, to review any securities or other property held in such investment account or accounts acquired by it pursuant to such directions or to make any recommendations to the investment manager or investment committee with respect to such securities or other property.
  - (3) Notwithstanding the foregoing, the Trustee, without obtaining prior approval or direction from an investment manager or investment committee, shall invest cash balances held by it from time to time in short term cash equivalents including, but not limited to, through the medium of any short term common, collective or commingled trust fund established and maintained by the Trustee subject to the instrument establishing such trust fund, U.S. Treasury Bills, commercial paper (including such forms of commercial paper as may be available through the Trustee's Trust Department), certificates of deposit (including certificates issued by the Trustee in its separate corporate capacity), and similar type securities, with a maturity not to exceed one year; and, furthermore, sell such short term investments as may be necessary to carry out the instructions of an investment manager or investment committee regarding more permanent type investment and directed distributions.
  - (4) The Trustee shall neither be liable nor responsible for any loss resulting to the Fund by reason of any sale or purchase of an investment directed by an investment manager or investment committee nor by reason of the failure to take any action with respect to any investment which was acquired pursuant to any such direction in the absence of further directions of such investment manager or investment committee.
  - (5) Notwithstanding anything in this Agreement to the contrary, the Trustee shall be indemnified and saved harmless by the Company from and against any and all

personal liability to which the Trustee may be subjected by carrying out any directions of an investment manager or investment committee issued pursuant hereto or for failure to act in the absence of directions of the investment manager or investment committee including all expenses reasonably incurred in its defense in the event the Company fails to provide such defense; provided, however, the Trustee shall not be so indemnified if it participates knowingly in, or knowingly undertakes to conceal, an act or omission of an investment manager or investment committee, having actual knowledge that such act or omission is a breach of a fiduciary duty; provided further, however, that the Trustee shall not be deemed to have knowingly participated in or knowingly undertaken to conceal an act or omission of an investment manager or investment committee with knowledge that such act or omission was a breach of fiduciary duty by merely complying with directions of an investment manager or investment committee or for failure to act in the absence of directions of an investment manager or investment committee. The Trustee may rely upon any order, certificate, notice, direction or other documentary confirmation purporting to have been issued by the investment manager or investment committee which the Trustee believes to be genuine and to have been issued by the investment manager or investment committee. The Trustee shall not be charged with knowledge of the termination of the appointment of any investment manager or investment committee until it receives written notice thereof from the Company.

- (d) Following a Change of Control, the Trustee shall have the sole and absolute discretion in the management of the Trust assets and shall have all the powers set forth under Section 6(b). In investing the Trust assets, the Trustee shall consider:
- (1) the needs of the Plan;
  - (2) the need for matching of the Trust assets with the liabilities of the Plan; and
  - (3) the duty of the Trustee to act solely in the best interests of the Participants and their Beneficiaries.
- (e) The Trustee shall have the right, in its sole discretion, to delegate its investment responsibility to an investment manager who may be an affiliate of the Trustee. In the event the Trustee shall exercise this right, the Trustee shall remain, at all times responsible for the acts of an investment manager. The Trustee shall have the right to purchase an insurance policy or an annuity to fund the benefits of the Plan.
- (f) Prior to a Change of Control, the Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by the Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

SECTION 7.

INSURANCE CONTRACTS

- (a) To the extent that the Trustee is directed by the Company prior to a Change of Control to make payments from part or all of the Trust Fund in insurance contracts, the type and amount thereof shall be specified by the Company. The Trustee shall be under no duty to make inquiry as to the propriety of the type or amount so specified.
- (b) Each insurance contract issued shall provide that the owner thereof shall have the power to exercise all rights, privileges, options and elections granted by or permitted under such contract or under the rules of the insurer.
- (c) The Trustee shall have no power to name a beneficiary of the policy to assign the policy (as distinct from conversion of the policy to a different form), or to loan to any person the proceeds of any borrowing against such an insurance policy.
- (d) No insurer shall be deemed to be a party to the Trust and an insurer's obligations shall be measured and determined solely by the terms of contracts and other agreements executed by the insurer.

SECTION 8. DISPOSITION OF INCOME

- (a) Prior to a Change of Control, all income received by the Trust, net of expenses and taxes, may be returned to the Company or accumulated and reinvested within the Trust at the direction of the Company.
- (b) Following a Change of Control, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested within the Trust.

SECTION 9. ACCOUNTING BY THE TRUSTEE

The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee within forty-five (45) days following the close of each calendar year and within forty-five (45) days after the removal or resignation of the Trustee. The Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. The Company may approve such written account by an instrument in writing delivered to the Trustee. In the absence of the Company's filing with the Trustee objections to any such written account within ninety (90) days after its receipt, the Company shall be deemed to have so approved such written account. In such case, or upon the written approval by the Company of any such written account, the Trustee shall, to the extent permitted by law, be discharged from all liability to the Company for its acts or failures to act described by such written account. The



foregoing, however, shall not preclude the Trustee from having its accounting settled by a court of competent jurisdiction.

SECTION 10. RESPONSIBILITY OF THE TRUSTEE

- (a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by the Company which is contemplated by, and in conformity with, the terms of the Plan or this Trust Agreement and is given in writing by the Company. In the event of a dispute between the Company and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute, subject, however to Section 2(d) hereof.
- (b) The Company hereby indemnifies the Trustee against losses, liabilities, claims, costs and expenses in connection with the administration of the Trust, unless resulting from the gross negligence or misconduct of Trustee. To the extent the Company fails to make any payment on account of an indemnity provided in this Section 10(b), in a reasonably timely manner, the Trustee may obtain payment from the Trust. If the Trustee undertakes or defends any litigation arising in connection with this Trust or to protect a Participant's or Beneficiary's rights under the Plan, the Company agrees to indemnify the Trustee against the Trustee's costs, reasonable expenses and liabilities (including, without limitation, attorneys' fees and expenses) relating thereto and to be primarily liable for such payments. If the Company does not pay such costs, expenses and liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust.
- (c) Prior to a Change of Control, the Trustee may consult with legal counsel (who may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder. Following a Change of Control the Trustee shall select legal counsel independent from the Company's counsel and may consult with counsel or other experts with respect to its duties and with respect to the rights of Participants or their Beneficiaries under the Plan.
- (d) The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder and may rely on any determinations made by such agents and information provided to it by the Company.
- (e) The Trustee shall have, without exclusion, all powers conferred on the Trustee by applicable law, unless expressly provided otherwise herein.
- (f) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom.

SECTION 11. COMPENSATION AND EXPENSES OF THE TRUSTEE

The Trustee's compensation shall be as agreed in writing from time to time by the Company and the Trustee. The Company shall pay all administrative expenses and the Trustee's fees and shall promptly reimburse the Trustee for any fees and expenses of its agents or such other costs as the Trustee is entitled to incur hereunder. If not so paid, the fees and expenses shall be paid from the Trust.

SECTION 12. RESIGNATION AND REMOVAL OF THE TRUSTEE

- (a) Prior to a Change of Control, the Trustee may resign at any time by written notice to the Company, which shall be effective sixty (60) days after receipt of such notice unless the Company and the Trustee agree otherwise. Following a Change of Control, if the Trustee resigns, the resignation shall only be effective after the appointment of a successor Trustee.
- (b) The Trustee may be removed by the Company on sixty (60) days notice or upon shorter notice accepted by the Trustee prior to a Change of Control. Subsequent to a Change of Control, the Trustee may only be removed by the Company with the consent of a majority of the Participants, after they have been informed of the identity of a successor trustee.
- (c) If the Trustee resigns within two years after a Change of Control, and if the Company fails to act under Section 10(e) below within a reasonable period of time following such resignation, the Trustee shall apply to a court of competent jurisdiction for the appointment of a successor Trustee or instructions.
- (d) Upon resignation or removal of the Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within sixty (60) days after receipt of notice of resignation, removal or transfer, unless the Company extends the time limit.
- (e) If the Trustee resigns or is removed, a successor shall be appointed by the Company, in accordance with Section 13 hereof, by the effective date of resignation or removal under Sections 10(a) or 10(b) above. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

SECTION 13. APPOINTMENT OF SUCCESSOR

- (a) If the Trustee resigns or is removed in accordance with Section 12 hereof, the Company may appoint, subject to Section 12, another bank, not an affiliate of the Company or any other grantor, any third party national banking association with a market capitalization exceeding \$100,000,000 to replace the Trustee upon resignation or removal. The successor Trustee shall have all of the rights and powers of the former Trustee, including

ownership rights in the Trust. The former Trustee shall execute any instrument necessary or reasonably requested by the Company or the successor Trustee to evidence the transfer.

- (b) The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 8 and 9 hereof. The successor Trustee shall not be responsible for and the Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

SECTION 14. AMENDMENT OR TERMINATION

- (a) Prior to a Change of Control, this Trust Agreement may be amended by a written instrument executed by the Trustee and the Company. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plan or shall make the Trust revocable after it has become irrevocable in accordance with Section 1 hereof.
- (b) The Trust shall not terminate until the date on which all insurance premiums listed on the schedule referred to in Section 2(c)(1) have been paid or otherwise satisfied, and any payments required under Section 2(c)(3) are completed, or until the Company terminates the Trust (if prior to a Change of Control).
- (c) Prior to a Change of Control, the Company may terminate this Trust at any time, including prior to the time all benefit payments under the Plan have been made. All assets in the Trust at termination shall be returned to the Company.
- (d) This Trust Agreement may not be amended or terminated by the Company for seven (7) years following a Change of Control without the written consent of a majority of the Participants except, if in the opinion of counsel satisfactory to the Trustee, such amendment is necessary to maintain the tax status of this Trust or the inapplicability of ERISA to this Trust.

SECTION 15. CHANGE OF CONTROL

- (a) For purposes of this Trust, the following terms shall be defined as set forth below:
  - (1) "Potential Change of Control" shall mean the occurrence of any one of the following events:
    - (i) the purchase or other acquisition by any Person of Beneficial Ownership of five percent (5%) or more of either the outstanding shares of common stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally; provided, however, the purchase or other acquisition by any employee benefit plan (or related trust) sponsored or maintained by - (I) Equifax Inc. (to the extent the

acquisition occurs as part of the initial distribution of Company shares on Equifax Inc. shares held by the plan), (II) the Company, or (III) any Subsidiary of the Company, shall be disregarded for purposes of this Section 15(a)(1)(i);

- (ii) the announcement by any person of an intention to take actions which might reasonably result in a Change of Control of the Company;
- (iii) the issuance of a proxy statement by the Company with respect to an election of directors for which there is proposed one or more directors who are not recommended by the Board of Directors of the Company or its nominating committee, where the election of such proposed director or directors would result in a Change of Control; or
- (iv) submission to the Incumbent Board (as defined below) of nominations which, if approved, would change the Executive Officer configuration of the Company (at the Executive Vice President level and above) by fifty percent (50%) or more.

(2) "Change of Control" shall mean the occurrence of any one of the following events:

- (i) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this Section 15(a)(2)(i), a Change of Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (I) directly from the Company that is approved by the Incumbent Board, (II) by the Company, (III) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (IV) by any Person pursuant to a Business Combination that complies with all of the provisions of clauses (I), (II) and (III) of Section 15(a)(2)(ii);
- (ii) Business Combinations. The consummation of a Business Combination, unless, immediately following that Business Combination, (I) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or

more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (II) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (III) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the board providing for that Business Combination;

- (iii) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or
- (iv) Liquidation or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with all of the provisions of clauses (I), (II) and (III) of Section 15(a)(2)(ii).

For purposes of this Section 15(a), the following definitions will apply:

"Beneficial Ownership" means beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

"Business Combination" means a reorganization, merger or consolidation of the Company.

"Eighty Percent (80%) Subsidiary" means an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

"Exchange Act" means the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

"Incumbent Board" means a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of the day after the spinoff of the Company from Equifax Inc. becomes effective or (b) members who become members of the Company's Board of Directors subsequent to said date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the

Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

"Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

"Subsidiary" means an entity more than fifty percent (50%) of whose equity interests are owned directly or indirectly by the Company.

"Voting Stock" means the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board of Directors.

For purposes of this Section 15(a), the Incumbent Board, by a majority vote, shall have the power to determine on the basis of information known to them (a) the number of shares beneficially owned by any person, entity or group; (b) whether there exists an agreement, arrangement or understanding with another as to matters referred to in this Section 15(a); and (c) such other matters with respect to which a determination is necessary under this Section 15(a).

- (b) The General Counsel of the Company shall have the specific authority to determine whether a Potential Change of Control or Change of Control has transpired under the guidance of this Section 15(a) and shall be required to give the Trustee notice of a Change of Control or Potential Change of Control. The Trustee shall be entitled to rely upon such notice, but if the Trustee receives notice of a Potential Change of Control or Change of Control from another source, the Trustee shall be required to make its own independent determination.

#### SECTION 16. MISCELLANEOUS

- (a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.
- (b) The Company hereby represents and warrants that the Plan has been established, maintained and administered in accordance with all applicable law, including without limitation, ERISA. The Company hereby indemnifies and agrees to hold the Trustee harmless from all liabilities, including attorney's fees, relating to or arising out of the establishment, maintenance and administration of the Plan. To the extent the Company does not pay any of such liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust.
- (c) Benefits payable to Participants and their Beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered

or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

- (d) This Agreement is binding upon the successors and assigns of the Company and the Trustee.
- (e) This Trust Agreement shall be governed by and construed in accordance with the laws of North Carolina.

IN WITNESS WHEREOF, this Grantor Trust Agreement has been executed on behalf of the parties hereto on the day and year first above written.

CERTEGY INC.

By: /s/ Richard D. Gapen

-----  
Name: Richard D. Gapen  
Title: Corporate Vice President  
of Human Resources

WACHOVIA BANK, N.A.

By: /s/ Joe O. Long

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Name: Joe O. Long  
Title: Senior Vice President

CERTEGY INC.  
2001 STOCK INCENTIVE PLAN

1. Purpose and Effective Date. The purpose of the 2001 Stock Incentive Plan is to attract and retain directors, officers and other key employees for Certegy Inc., a Georgia corporation (the "Company"), and its Subsidiaries and to provide those persons with incentives and rewards for superior performance. The Plan is effective as of June 15, 2001, the date the Plan was approved by the Company's Board of Directors. The Plan was approved by Equifax Inc., as the sole shareholder of the Company, on June 29, 2001.

2. Definitions. As used in this Plan:

"Appreciation Right" means a right granted pursuant to Section 5 of this Plan, and shall include both Tandem Appreciation Rights and Free-Standing Appreciation Rights.

"Base Price" means the price to be used as the basis for determining the Spread upon the exercise of a Free-Standing Appreciation Right and a Tandem Appreciation Right.

"Board" means the Board of Directors of the Company.

"Change in Control" shall have the meaning provided in Section 11 of this Plan.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the Compensation and Human Resources Committee of the Board, or any successor committee to which the responsibilities of that Committee are assigned.

"Common Share" means shares of common stock, par value \$ .01 per share, of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 10 of this Plan.

"Company" means Certegy Inc., a Georgia corporation.

"Covered Employee" means a Participant who is, or is determined by the Board to be likely to become, a "covered employee" within the meaning of Section 162(m) of the Code (or any successor provision).

"Date of Grant" means the date specified by the Board on which a grant of Option Rights or Appreciation Rights, or a grant or sale of Restricted Shares or Deferred Shares shall become effective (which date shall not be earlier than the date on which the Board or its designee takes action with respect thereto).

"Deferral Period" means the period of time during which Deferred Shares are subject to deferral limitations under Section 7 of this Plan.



"Deferred Shares" means an award made pursuant to Section 7 of this Plan of the right to receive Common Shares at the end of a specified Deferral Period.

"Director" means a member of the Board of Directors of the Company.

"Employee Benefits Agreement" means the Employee Benefits Agreement between Equifax Inc. and the Company dated as of June 30, 2001 which provides for the treatment of the employee plans in connection with the spin-off of the Company from Equifax, Inc.

"Equifax Stock Incentive Plans" means the stock incentive plans sponsored by Equifax Inc., including the Equifax Inc. 2000 Stock Incentive Plan, the Equifax Inc. Omnibus Stock Incentive Plan, the 1995 Employee Stock Incentive Plan or the 1993 Employee Stock Incentive Plan.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time, including any successor statutes of similar intent.

"Free-Standing Appreciation Right" means an Appreciation Right granted pursuant to Section 5 of this Plan that is not granted in tandem with an Option Right.

"Immediate Family" has the meaning ascribed thereto in Rule 16a-1(e) under the Exchange Act (or any successor rule to the same effect).

"Incentive Stock Options" means Option Rights that are intended to qualify as "incentive stock options" under Section 422 of the Code or any successor provision.

"Management Objectives" means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Option Rights, Appreciation Rights, Restricted Shares and dividend credits pursuant to this Plan, which are subject to the achievement of Management Objectives. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Subsidiary, division, department, region or function within the Company or Subsidiary in which the Participant is employed. The Management Objectives may be made relative to the performance of other corporations. The Management Objectives applicable to any award to a Covered Employee shall be based on specified levels of, or growth in, one or more of the following criteria, as determined for a single year, or cumulatively for a stated number of years, or as an average over a stated number of years, or otherwise as determined by the Committee at the time the Management Objective is established:

1. earnings
2. earnings per share;
3. economic value added;
4. revenue;
5. operating profit;
6. net income;
7. total return to shareholders;
8. market share;
9. profit margins;
10. cash flow/net assets ratio;
11. debt/capital ratio;

12. return on total capital;
13. return on equity;
14. return on assets; and
15. common stock price.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Committee may in its discretion modify such Management Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable, except in the case of a Covered Employee where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In the case of a Covered Employee, in determining financial results, items whose exclusion from consideration will increase the Award shall only have their effects excluded if they constitute "extraordinary" or "unusual" events or items under generally accepted accounting principles and all such events and items shall be excluded. The Committee shall also adjust the performance calculations to exclude the unanticipated effect on financial results of changes in the Code, or other tax laws, and the regulations thereunder. The Committee may decrease the amount of an Award otherwise payable if, in the Committee's view, the financial performance during the performance cycle justifies such adjustment, regardless of the extent to which the Performance Measure was achieved.

"Market Value per Share" means, (i) the closing sale price per Common Share as reported on the principal exchange on which Common shares are then trading, if any, or, if applicable, the NASDAQ National Market System, on the Date of Grant, or if there are no sales on such day, on the next preceding trading day during which a sale occurred, or (ii) if clause (i) does not apply, the fair market value of the Common Shares as determined by the Board.

"Non-Employee Director" means a Director who is not an employee of the Company or any Subsidiary.

"Optionee" means the optionee named in an agreement evidencing an outstanding Option Right.

"Option Price" means the purchase price payable on exercise of an Option Right.

"Option Right" means the right to purchase Common Shares upon exercise of an option granted pursuant to Section 4 or Section 8 of this Plan.

"Participant" means a person who is selected by the Committee to receive benefits under this Plan and who is at the time an officer, or other key employee of the Company or any one or more of its Subsidiaries, or who has agreed to commence serving in any of such capacities within 60 days of the Date of Grant, and shall also include each Non-Employee Director who receives an award of Option Rights or Restricted Shares, or any other person, whether or not an employee, Non-Employee Director or officer, who renders significant services as a consultant or otherwise, in the discretion of the Committee.

"Plan" means this Certegy Inc. 2001 Stock Incentive Plan, as it may be amended from time to time.

"Reload Option Rights" means additional Option Rights granted automatically to an Optionee upon the exercise of Option Rights pursuant to Section 4(f) of this Plan.

"Replacement Awards" means Option Rights or Restricted Shares that are issued in substitution of awards of option rights or restricted shares that were granted under the Equifax Stock Incentive Plans to former employees of Equifax Inc. or subsidiaries of Equifax Inc. who are employees of the Company or its Subsidiaries as of the date of the spin-off of the Company to the shareholders of Equifax Inc. or who become employees of the Company after such date pursuant to the Employee Benefits Agreement. As provided in Section 4(o), the Replacement Awards shall have the same material terms and conditions under the Plan as such awards had under the respective Equifax Stock Incentive Plans.

"Restricted Shares" means Common Shares granted or sold pursuant to Section 6 or Section 8 of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers referred to in Section 6 has expired.

"Rule 16b-3" means Rule 16b-3 under the Exchange Act (or any successor rule to the same effect) as in effect from time to time.

"Securities Act" means the Securities Act of 1933, as amended.

"Spread" means the excess of the Market Value per Share on the date when an Appreciation Right is exercised, or on the date when Option Rights are surrendered in payment of the Option Price of other Option Rights, over the Option Price or Base Price provided for in the related Option Right or Free-Standing Appreciation Right, respectively.

"Subsidiary" means a corporation, company or other entity (i) more than 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company, except that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, "Subsidiary" means any corporation in which, at the time of the grant, the Company owns or controls, directly or indirectly, more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation.

"Tandem Appreciation Right" means an Appreciation Right granted pursuant to Section 5 of this Plan that is granted in tandem with an Option Right.

"Voting Power" means at any time, the total votes relating to the then-outstanding securities entitled to vote generally in the election of Directors.

3. Shares Available Under the Plan.

(a) Subject to the adjustments provided for in Section 3(b) and Section 10 of this Plan, the number of Common Shares that may be issued or transferred (i) upon the exercise of Option Rights or Appreciation Rights, (ii) as Restricted Shares and released from substantial risks of forfeiture thereof, (iii) as Deferred Shares, (iv) as awards to Non-Employee Directors or (v) in payment of dividend equivalents paid with respect to Awards made under the Plan shall not exceed in the aggregate 6,600,000 Common Shares. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.

(b) The number of Common Shares available in Section 3(a) above shall be adjusted to account for shares relating to awards that expire, are forfeited or are transferred, surrendered or relinquished upon the payment of any Option Price by the transfer to the Company of Common Shares or upon satisfaction of any withholding amount. Upon payment in cash of the benefit provided by any award granted under this Plan, any shares that were covered by that award shall again be available for issue or transfer hereunder. In addition to these adjustments, commencing on January 1, 2002, and on each January 1 thereafter ending on January 1, 2008, an additional number of Common Shares shall be added to the total available under Section 3(a), equal to one and a half percent (1 1/2%) of the number of Common Shares issued and outstanding on that January 1st date.

(c) Notwithstanding anything in this Section 3, or elsewhere in this Plan, to the contrary and subject to adjustment as provided in Section 10 of this Plan, the aggregate number of Common Shares actually issued or transferred by the Company under this Plan upon the exercise of Incentive Stock Options shall not exceed 10,000,000 Common Shares. Subject to adjustments as provided in Section 10, no Participant shall be granted Option Rights and Appreciation Rights, in the aggregate, for more than 750,000 Common Shares during any one calendar year; the number of shares issued as Restricted Shares to any Participant shall not exceed 500,000 Common Shares in any one calendar year; and no Non-Employee Director shall be granted Option Rights, Appreciation Rights and Restricted Shares, in the aggregate, for more than 100,000 Common Shares in any one calendar year.

4. Option Rights. The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of options to purchase Common Shares. Such grants may be original awards or Replacement Awards. Each such grant may utilize any or all of the authorizations, and shall be subject to all of the requirements contained in the following provisions:

(a) Each grant shall specify the number of Common Shares to which it pertains subject to the limitations set forth in Section 3 of this plan.

(b) Each grant shall specify an Option Price per share, which may not be less than the Market Value per Share on the Date of Grant, provided that this restriction shall not apply to Replacement Awards.

(c) Each grant shall specify whether the Option Price shall be payable (i) in cash or by check acceptable to the Company, (ii) by the actual or constructive transfer to the Company

of Common Shares owned by the Optionee for at least 6 months (or other consideration authorized pursuant to Section 4(d)) having a value at the time of exercise equal to the total Option Price, or (iii) by a combination of such methods of payment.

(d) The Committee may determine, at or after the Date of Grant, that payment of the Option Price of any Option Right (other than an Incentive Stock Option) may also be made in whole or in part in the form of Restricted Shares or other Common Shares that are forfeitable or subject to restrictions on transfer, Deferred Shares, (based, in each case, on the Market Value per Share on the date of exercise), or other Option Rights (based on the Spread on the date of exercise). Unless otherwise determined by the Committee at or after the Date of Grant, whenever any Option Price is paid in whole or in part by means of any of the forms of consideration specified in this Section 4(d), the Common Shares received upon the exercise of the Option Rights shall be subject to such risks of forfeiture or restrictions on transfer as may correspond to any that apply to the consideration surrendered, but only to the extent, determined with respect to the consideration surrendered, of (i) the number of shares, or (ii) the Spread of any unexercisable portion of Option Rights.

(e) Any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.

(f) Any grant may, at or after the Date of Grant, provide for the automatic grant of Reload Option Rights to an Optionee upon the exercise of Option Rights (including Reload Option Rights) using Common Shares or other consideration specified in Section 4(d). Reload Option Rights shall cover up to the number of Common Shares, Deferred Shares, or Option Rights surrendered to the Company upon any such exercise in payment of the Option Price or to meet any withholding obligations. Reload Options may not have an Option Price that is less than the applicable Market Value per Share at the time of exercise and shall be on such other terms as may be specified by the Committee, which may be the same as or different from those of the original Option Rights.

(g) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.

(h) Each grant shall specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary that is necessary before the Option Rights or installments thereof will become exercisable and may provide for continued vesting of the Option Rights after a termination of employment by reason of the Optionee's retirement, death, disability or other events as specified by the Committee. Each grant may also provide for the earlier exercise of such Option Rights in the event of a Change in Control, retirement, death or disability of the Optionee or other similar transaction or event.

(i) Any grant of Option Rights may specify Management Objectives that must be achieved as a condition to the exercise of such rights.

(j) Option Rights granted under this Plan may be (i) options, including, without limitation, Incentive Stock Options that are intended to qualify under particular provisions of the Code, (ii) options that are not intended so to qualify, or (iii) combinations of the foregoing.

(k) The Committee may, at or after the Date of Grant of any Option Rights (other than Incentive Stock Options), provide for the payment of dividend equivalents to the Optionee on either a current or deferred or contingent basis or may provide that such equivalents shall be credited against the Option Price.

(l) The exercise of an Option Right shall result in the cancellation on a share-for-share basis of any Tandem Appreciation Right authorized under Section 5 of this Plan.

(m) No Option Right shall be exercisable more than 10 years from the Date of Grant.

(n) Each grant of Option Rights shall be evidenced by an agreement or other written notice from the Company by an officer and delivered to the Optionee and containing such terms and provisions, consistent with this Plan, as the Committee may approve.

(o) Each Replacement Award shall reflect the adjustments provided for in the Employee Benefits Agreements and shall have the same material terms and conditions as the award it replaces under the Equifax Stock Incentive Plans, as determined by the Committee. Notwithstanding any other provision in this Plan to the contrary, no Replacement Award in substitution of an award that qualified as an Incentive Stock Option immediately before the grant of the Replacement Award shall contain any term that is more favorable than the terms of the substituted award.

## 5. Appreciation Rights.

(a) The Committee may authorize the granting (i) to any Optionee, of Tandem Appreciation Rights in respect of Option Rights granted hereunder, and (ii) to any Participant, of Free-Standing Appreciation Rights. A Tandem Appreciation Right shall be a right of the Optionee, exercisable by surrender of the related Option Right, to receive from the Company an amount determined by the Board, which shall be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise. Tandem Appreciation Rights may be granted at any time prior to the exercise or termination of the related Option Rights; provided, however, that a Tandem Appreciation Right awarded in relation to an Incentive Stock Option must be granted concurrently with such Incentive Stock Option. A Free-Standing Appreciation Right shall be a right of the Participant to receive from the Company an amount determined by the Committee, which shall be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise.

(b) Each grant of Appreciation Rights may utilize any or all of the authorizations, and shall be subject to all of the requirements, contained in the following provisions:

(i) Any grant may specify that the amount payable on exercise of an Appreciation Right may be paid by the Company in cash, in Common Shares or in any combination thereof and may either grant to the Participant or retain in the Committee the right to elect among those alternatives.

(ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Committee at the Date of Grant.

(iii) Any grant may specify waiting periods before exercise and permissible exercise dates or periods.

(iv) Any grant may specify that such Appreciation Right may be exercised only in the event of, or earlier in the event of, a Change in Control or other transaction or event.

(v) Any grant may provide for the payment to the Participant of dividend equivalents thereon in cash or Common Shares on a current, deferred or contingent basis.

(vi) Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition of the exercise of such Rights.

(vii) Each grant of Appreciation Rights shall be evidenced by an agreement executed on behalf of the Company by an officer and delivered to and accepted by the Participant, which agreement shall describe such Appreciation Rights, identify the related Option Rights (if applicable), state that such Appreciation Rights are subject to all the terms and conditions of this Plan, and contain such other terms and provisions, consistent with this Plan, as the Committee may approve.

(c) Any grant of Tandem Appreciation Rights shall provide that such Rights may be exercised only at a time when the related Option Right is also exercisable and at a time when the Spread is positive, and by surrender of the related Option Right for cancellation.

(d) Regarding Free-standing Appreciation Rights only:

(i) Each grant shall specify in respect of each Free-standing Appreciation Right a Base Price, which shall be equal to or greater than the Market Value per Share on the Date of Grant;

(ii) Successive grants may be made to the same Participant regardless of whether any Free-standing Appreciation Rights previously granted to the Participant remain unexercised; and

(iii) No Free-standing Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

6. Restricted Shares. The Committee may also authorize the grant or sale of Restricted Shares to Participants. Each such grant or sale may utilize any or all of the authorizations, and shall be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale shall constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such

Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than Market Value per Share at the Date of Grant.

(c) Each such grant or sale shall provide that the Restricted Shares covered by such grant or sale shall be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code for a period to be determined by the Committee at the Date of Grant and may provide for the earlier lapse of such substantial risk of forfeiture in the event of a Change in Control or other transaction or event; provided, however, that the Restricted Shares covered by any Replacement Award shall be subject to a "substantial risk of forfeiture" for the period provided in the award it replaced, as determined by the Committee.

(d) Each such grant or sale shall provide that during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares shall be prohibited or restricted in the manner and to the extent prescribed by the Board at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture in the hands of any transferee).

(e) Any grant of Restricted Shares may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such shares. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of Restricted Shares on which restrictions will terminate if performance is at or above the minimum level, but falls short of full achievement of the specified Management Objectives.

(f) Any grant or sale of Restricted Shares may require that any or all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and reinvested in additional Restricted Shares, which may be subject to the same restrictions as the underlying award.

(g) Each grant or sale of Restricted Shares shall be evidenced by an agreement executed on behalf of the Company by any officer and delivered to and accepted by the Participant and shall contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, all certificates representing Restricted Shares shall be held in custody by the Company until all restrictions thereon shall have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such Shares.

7. Deferred Shares. The Committee may also authorize the granting or sale of Deferred Shares to Participants. Each such grant or sale may utilize any or all of the authorizations, and shall be subject to all of the requirements contained in the following provisions:



(a) Each such grant or sale shall constitute the agreement by the Company to deliver Common Shares to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the Deferral Period as the Committee may specify.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.

(c) Each such grant or sale shall be subject to a Deferral Period of not less than one year, as determined by the Committee at the Date of Grant, and may provide for the earlier lapse or other modification of such Deferral Period in the event of a Change in Control, or other transaction or event.

(d) During the Deferral Period, the Participant shall have no right to transfer any rights under his or her award and shall have no rights of ownership in the Deferred Shares and shall have no right to vote them, but the Committee may, at or after the Date of Grant, authorize the payment of dividend equivalents on such Shares on either a current or deferred or contingent basis, either in cash or in additional Common Shares.

(e) Each grant or sale of Deferred Shares shall be evidenced by an agreement executed on behalf of the Company by any officer and delivered to and accepted by the Participant and shall contain such terms and provisions, consistent with this Plan, as the Committee may approve.

8. Awards to Non-Employee Directors. The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Non-Employee Directors of Option Rights and may also authorize the grant or sale of Restricted Shares to Non-Employee Directors.

(a) Each grant of Option Rights awarded pursuant to this Section 8 shall be upon terms and conditions consistent with Section 4 of this Plan and shall be evidenced by an agreement in such form as shall be approved by the Committee. Each grant shall specify an Option Price per share, which shall not be less than the Market Value per Share on the Date of Grant. Each such Option Right granted under the Plan shall expire not more than 10 years from the Date of Grant and shall be subject to earlier termination as hereinafter provided. Unless otherwise determined by the Committee, such Option Rights shall be subject to the following additional terms and conditions:

(i) Each grant shall specify the number of Common Shares to which it pertains subject to the limitations set forth in Section 3 of this plan.

(ii) In the event of the death or disability of the holder of any such Option Rights, each of the then outstanding vested Option Rights of such holder may be exercised at any time within a stated period after such death or disability, as provided by the Committee in the grant, but in no event after the expiration date of the term of such Option Rights.

(iii) If a Non-Employee Director subsequently becomes an employee of the Company or a Subsidiary while remaining a member of the Board, any Option Rights held under the Plan by such individual at the time of such commencement of employment shall not be affected thereby.

(iv) Option Rights may be exercised by a Non-Employee Director only upon payment to the Company in full of the Option Price of the Common Shares to be delivered. Such payment shall be made in cash or in Common Shares then owned by the optionee for at least six months, or in a combination of cash and such Common Shares.

(v) Any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.

(b) Each grant or sale of Restricted Shares pursuant to this Section 8 shall be upon terms and conditions consistent with Section 6 of this Plan.

#### 9. Transferability.

(a) Except as otherwise determined by the Committee, no Option Right, Appreciation Right or other derivative security granted under the Plan shall be transferable by a Participant other than by will or the laws of descent and distribution. Except as otherwise determined by the Committee, Option Rights and Appreciation Rights shall be exercisable during the Optionee's lifetime only by him or her or by his or her guardian or legal representative.

(b) The Committee may specify at the Date of Grant that part or all of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, or upon the termination of the Deferral Period applicable to Deferred Shares or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 6 of this Plan, shall be subject to further restrictions on transfer.

(c) Notwithstanding the provisions of Section 9(a), the Committee may provide that any grant of Option Rights (other than Incentive Stock Options), Appreciation Rights, Restricted Shares, and Deferred Shares shall be transferable by a Participant, without payment of consideration therefor by the transferee, to any one or more members of the Participant's Immediate Family (or to one or more trusts established solely for the benefit of one or more members of the Participant's Immediate Family or to one or more partnerships in which the only partners are members of the Participant's Immediate Family); provided, however, that (i) no such transfer shall be effective unless reasonable prior notice thereof is delivered to the Company and the Committee and such transfer is thereafter effected in accordance with any terms and conditions that shall have been made applicable thereto by the Company or the Committee and (ii) any such transferee shall be subject to the same terms and conditions hereunder as the Participant.

10. Adjustments. The Committee may make or provide for such adjustments in the numbers of Common Shares covered by outstanding Option Rights, Appreciation Rights and Deferred Shares granted hereunder, and in the Option Price and Base Price, and in the kind of shares covered thereby, as the Committee, in its sole discretion, exercised in good faith, may

determine is equitably required to prevent dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, or (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all outstanding awards under this Plan such alternative consideration as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced. The Committee may also make or provide for such adjustments in the numbers of shares specified in Section 3 of this Plan as the Committee in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described in this Section 10; provided, however, that any such adjustment to the number specified in Section 3(c)(i) shall be made only if and to the extent that such adjustment would not cause any Option intended to qualify as an Incentive Stock Option to fail so to qualify, and the Committee may take into consideration, as to any award subject to a proposed adjustment, the potential adverse effect thereof under applicable tax or other laws, and may adjust such awards inconsistently as a consequence of those effects.

11. Change in Control. For purposes of this Plan, except as may be otherwise prescribed by the Committee in an agreement evidencing a grant or award made under the Plan, a "Change in Control" shall mean if at any time any of the following events shall have occurred:

(a) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this Section 11(a), a Change in Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (i) directly from the Company that is approved by the Incumbent Board, (ii) by the Company, (iii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (d) by any Person pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of Section 11(b); or

(b) Business Combinations. Consummation of a Business Combination, unless, immediately following that Business Combination, (i) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66<sup>2</sup>/<sub>3</sub>%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (ii) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then

outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (iii) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the action of the Board of Directors providing for that Business Combination; or

(c) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

(d) Liquidations or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of Section 11(b).

For purposes of this Section 11, the following definitions will apply:

(i) "Beneficial Ownership" means beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

(ii) "Business Combination" means a reorganization, merger or consolidation of the Company.

(iii) "Eighty Percent (80%) Subsidiary" means an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

(iv) "Exchange Act" means the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

(v) "Incumbent Board" means a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of June 30, 2001, or (b) members who become members of the Company's Board of Directors subsequent to June 30, 2001, whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

(vi) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act).

(vii) "Voting Stock" means the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board.

12. Fractional Shares. The Company shall not be required to issue any fractional Common Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

13. Withholding Taxes. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company and the Committee for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit. With the consent of the Committee, a Participant or such other person may also make similar arrangements with respect to the payment of any taxes with respect to which withholding is not required.

14. Foreign Employees. In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom, which special terms may be contained in an Appendix attached hereto. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

15. Administration of the Plan.

(a) This Plan shall be administered by the Committee. A majority of the Committee shall constitute a quorum, and the action of the members of the Committee present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the Committee. Except as the Board may otherwise determine, so long as the Company's outstanding Common Shares are owned by Equifax Inc., all matters relating to Awards under the Plan shall be, and hereby are, delegated to the Compensation and Human Resources Committee of Equifax Inc., provided that all actions taken shall be subject to the approval of the Board.

(b) The Committee, in its discretion, may delegate to one or more officers of the Company, all or part of the Committee's authority and duties with respect to Participants who are not subject to the reporting and other provisions of Section 16 of the Exchange Act or any successor rule to the same effect. In the event of such delegation, and as to matters encompassed by the delegation, references in the Plan to the Committee shall be interpreted as a reference to the Committee's delegate or delegates. The Committee may revoke or amend the terms of a

delegation at any time but such action shall not invalidate any prior actions of the Committee's delegate or delegates that were consistent with the terms of the Plan.

(c) The interpretation and construction by the Committee of any provision of this Plan or of any agreement, notification or document evidencing the grant of Option Rights, Appreciation Rights, Restricted Shares, or Deferred Shares, and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document shall be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith.

16. Amendments, Etc.

(a) The Committee may at any time and from time to time amend the Plan in whole or in part; provided, however, that any amendment which must be approved by the shareholders of the Company in order to comply with applicable law or the rules of the New York Stock Exchange or, if the Common Shares are not traded on the New York Stock Exchange, the principal national securities exchange upon which the Common Shares are traded or quoted, shall not be effective unless and until such approval has been obtained. Presentation of this Plan or any amendment hereof for shareholder approval shall not be construed to limit the Company's authority to offer similar or dissimilar benefits under other plans without shareholder approval. No amendment shall, without a Participant's consent, adversely affect any rights of any Participant with respect to any award outstanding at the time such amendment is made. No amendment to this Plan shall become effective until shareholder approval is obtained if (i) the amendment increases the aggregate number of Common Shares that may be issued under the Plan, (ii) the amendment changes the class of individuals eligible to become Participants, or (iii) the amendment extends the duration of the Plan.

(b) The Committee shall not, without the further approval of the shareholders of the Company, authorize the amendment of any outstanding Option Right to reduce the Option Price. Furthermore, no Option Right shall be canceled and replaced with awards having a lower Option Price without further approval of the shareholders of the Company. This Section 16(b) is intended to prohibit the repricing of "underwater" Option Rights and shall not be construed to prohibit the adjustments provided for in Section 10 of this Plan.

(c) The Committee also may permit Participants to elect to defer the issuance of Common Shares or the settlement of awards in cash under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan. The Committee also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts.

(d) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

(e) In case of termination of employment by reason of death, disability or normal or early retirement, or in the case of hardship or other special circumstances, of a Participant who

holds an Option Right or Appreciation Right not immediately exercisable in full, or any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Deferred Shares as to which the Deferral Period has not been completed, or who holds Common Shares subject to any transfer restriction imposed pursuant to Section 9(b) of this Plan, the Committee may, in its sole discretion, accelerate the time at which such Option Right or Appreciation Right may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Deferral Period will end or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award.

(f) This Plan shall not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate such Participant's employment or other service at any time.

(g) To the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision shall be null and void with respect to such Option Right. Such provision, however, shall remain in effect for other Option Rights and there shall be no further effect on any provision of this Plan.

17. Termination. No grant shall be made under this Plan more than 10 years after the date on which this Plan is first approved by the Board of Directors of the Company, but all grants made on or prior to such date shall continue in effect thereafter subject to the terms thereof and of this Plan. The Committee may terminate the Plan at any time provided that such termination shall not adversely affect the rights of any Participant or beneficiary under any Award granted prior to the date of such termination.

CERTEGY INC.  
STOCK INCENTIVE PLAN

1. Purpose and Effective Date. The purpose of this Certegy Inc. Stock Incentive Plan, which has been amended and restated (and renamed) as of February 28, 2002, is to attract and retain directors, officers and other key employees for Certegy Inc., a Georgia corporation (the "Company") and its Subsidiaries, and to provide those persons with incentives and rewards for superior performance. The Plan became effective as of June 15, 2001, the date it was approved by the Company's Board of Directors. As of February 28, 2002, the Compensation and Human Resources Committee of the Board amended and restated the Plan, as provided herein, contingent on approval of the Company's shareholders.

2. Definitions. As used in this Plan:

"Board" means the Board of Directors of the Company.

"Change in Control" shall have the meaning provided in Section 9 of this Plan.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the Compensation and Human Resources Committee of the Board, or any successor committee to which the responsibilities of that Committee are assigned.

"Common Share" means shares of common stock, par value \$ .01 per share, of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 8 of this Plan.

"Company" means Certegy Inc., a Georgia corporation.

"Covered Employee" means a Participant who is, or is determined by the Board to be likely to become, a "covered employee" within the meaning of Section 162(m) of the Code (or any successor provision).

"Date of Grant" means the date specified by the Board on which a grant of Option Rights or a grant or sale of Restricted Shares shall become effective (which date shall not be earlier than the date on which the Board or its designee takes action with respect thereto).

"Director" means a member of the Board of Directors of the Company.

"Employee Benefits Agreement" means the Employee Benefits Agreement between Equifax Inc. and the Company dated as of June 30, 2001, which provides for the treatment of the employee plans in connection with the spin-off of the Company from Equifax, Inc.

"Equifax Stock Incentive Plans" means the stock incentive plans sponsored by Equifax Inc., including the Equifax Inc. 2000 Stock Incentive Plan, the Equifax Inc. Omnibus Stock



Incentive Plan, the 1995 Employee Stock Incentive Plan or the 1993 Employee Stock Incentive Plan.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time, including any successor statutes of similar intent.

"Immediate Family" has the meaning ascribed thereto in Rule 16a-1(e) under the Exchange Act (or any successor rule to the same effect).

"Incentive Stock Options" means Option Rights that are intended to qualify as "incentive stock options" under Section 422 of the Code or any successor provision.

"Management Objectives" means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Option Rights, Restricted Shares and dividend credits pursuant to this Plan, which are subject to the achievement of Management Objectives. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Subsidiary, division, department, region or function within the Company or Subsidiary in which the Participant is employed. The Management Objectives may be made relative to the performance of other corporations. The Management Objectives applicable to any award to a Covered Employee shall be based on specified levels of, or growth in, one or more of the following criteria, as determined for a single year, or cumulatively for a stated number of years, or as an average over a stated number of years, or otherwise as determined by the Committee at the time the Management Objective is established:

1. earnings;
2. earnings per share;
3. economic value added;
4. revenue;
5. operating profit;
6. net income;
7. total return to shareholders;
8. market share;
9. profit margins;
10. cash flow/net assets ratio;
11. debt/capital ratio;
12. return on total capital;
13. return on equity;
14. return on assets; and
15. common stock price.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Committee may in its discretion modify such Management Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable, except in the case of a Covered Employee where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In the case of a Covered Employee, in determining financial results, items whose exclusion from consideration will

increase the award shall only have their effects excluded if they constitute "extraordinary" or "unusual" events or items under generally accepted accounting principles and all such events and items shall be excluded. The Committee shall also adjust the performance calculations to exclude the unanticipated effect on financial results of changes in the Code, or other tax laws, and the regulations thereunder. The Committee may decrease the amount of an award otherwise payable if, in the Committee's view, the financial performance during the performance cycle justifies such adjustment, regardless of the extent to which the Performance Measure was achieved.

"Market Value per Share" means, (i) the closing sale price per Common Share as reported on the principal exchange on which Common shares are then trading, if any, or, if applicable, the NASDAQ National Market System, on the Date of Grant, or if there are no sales on such day, on the next preceding trading day during which a sale occurred, or (ii) if clause (i) does not apply, the fair market value of the Common Shares as determined by the Board.

"Non-Employee Director" means a Director who is not an employee of the Company or any Subsidiary.

"Optionee" means the optionee named in an agreement evidencing an outstanding Option Right.

"Option Price" means the purchase price payable on exercise of an Option Right.

"Option Right" means the right to purchase Common Shares upon exercise of an option granted pursuant to Section 4 or Section 6 of this Plan.

"Participant" means a person who is selected by the Committee to receive benefits under this Plan and who is at the time an officer, or other key employee of the Company or any one or more of its Subsidiaries, or who has agreed to commence serving in any of such capacities within 60 days of the Date of Grant, and shall also include each Non-Employee Director who receives an award of Option Rights or Restricted Shares, or any other person, whether or not an employee, Non-Employee Director or officer, who renders significant services as a consultant or otherwise, in the discretion of the Committee.

"Plan" means this amended and restated Certegy Inc. Stock Incentive Plan, which was formerly known as the Certegy Inc. 2001 Stock Incentive Plan, as it may be further amended from time to time.

"Reload Option Rights" means additional Option Rights granted automatically to an Optionee upon the exercise of Option Rights pursuant to Section 4(f) of this Plan.

"Replacement Awards" means Option Rights or Restricted Shares that are issued in substitution of awards of option rights or restricted shares that were granted under the Equifax Stock Incentive Plans to former employees of Equifax Inc. or subsidiaries of Equifax Inc. who are employees of the Company or its Subsidiaries as of the date of the spin-off of the Company to the shareholders of Equifax Inc. or who become employees of the Company after such date pursuant to the Employee Benefits Agreement. As provided in Section 4(n), the Replacement Awards shall have the same material terms and conditions under the Plan as such awards had under the respective Equifax Stock Incentive Plans.

"Restricted Shares" means Common Shares granted or sold pursuant to Section 5 or Section 6 of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers referred to in Section 5 has expired.

"Rule 16b-3" means Rule 16b-3 under the Exchange Act (or any successor rule to the same effect) as in effect from time to time.

"Securities Act" means the Securities Act of 1933, as amended.

"Spread" means the excess of the Market Value per Share on the date when Option Rights are surrendered in payment of the Option Price of Option Rights, over the Option Price or Base Price provided for in the related Option Right.

"Subsidiary" means a corporation, company or other entity (i) more than 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company, except that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, "Subsidiary" means any corporation in which, at the time of the grant, the Company owns or controls, directly or indirectly, more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation.

"Voting Power" means at any time, the total votes relating to the then-outstanding securities entitled to vote generally in the election of Directors.

### 3. Shares Available Under the Plan.

(a) Subject to the adjustments provided for in Section 3(b) and Section 8 of this Plan, the number of Common Shares that may be issued or transferred (i) upon the exercise of Option Rights, (ii) as Restricted Shares and released from substantial risks of forfeiture thereof, (iii) as awards to Non-Employee Directors or (iv) in payment of dividend equivalents paid with respect to awards made under the Plan shall not exceed in the aggregate 6,600,000 Common Shares. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.

(b) The number of Common Shares available in Section 3(a) above shall be adjusted to account for shares relating to awards that expire, are forfeited or are transferred, surrendered or relinquished upon the payment of any Option Price by the transfer to the Company of Common Shares or upon satisfaction of any withholding amount. Upon payment in cash of the benefit provided by any award granted under this Plan, any shares that were covered by that award shall again be available for issue or transfer hereunder. In addition to these adjustments, commencing on January 1, 2002, and on each January 1 thereafter ending on January 1, 2008, an additional number of Common Shares shall be added to the total available under Section 3(a), equal to one half percent (1/2 %) of the number of Common Shares issued and outstanding on that January 1st date.

(c) Notwithstanding anything in this Section 3, or elsewhere in this Plan, to the contrary and subject to adjustment as provided in Section 8 of this Plan, the aggregate number of

Common Shares actually issued or transferred by the Company under this Plan upon the exercise of Incentive Stock Options shall not exceed 10,000,000 Common Shares. Subject to adjustments as provided in Section 8, no Participant shall be granted Option Rights for more than 350,000 Common Shares during any one calendar year; the number of shares issued as Restricted Shares to any Participant shall not exceed 200,000 Common Shares in any one calendar year; and no Non-Employee Director shall be granted Option Rights and Restricted Shares, in the aggregate, for more than 20,000 Common Shares in any one calendar year.

4. Option Rights. The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of options to purchase Common Shares. Such grants may be original awards or Replacement Awards. Each such grant may utilize any or all of the authorizations, and shall be subject to all of the requirements contained in the following provisions:

(a) Each grant shall specify the number of Common Shares to which it pertains subject to the limitations set forth in Section 3 of this plan.

(b) Each grant shall specify an Option Price per share, which may not be less than the Market Value per Share on the Date of Grant, provided that this restriction shall not apply to Replacement Awards.

(c) Each grant shall specify whether the Option Price shall be payable (i) in cash or by check acceptable to the Company, (ii) by the actual or constructive transfer to the Company of Common Shares owned by the Optionee for at least 6 months (or other consideration authorized pursuant to Section 4(d)) having a value at the time of exercise equal to the total Option Price, or (iii) by a combination of such methods of payment.

(d) The Committee may determine, at or after the Date of Grant, that payment of the Option Price of any Option Right (other than an Incentive Stock Option) may also be made in whole or in part in the form of Restricted Shares or other Common Shares that are forfeitable or subject to restrictions on transfer, or other Option Rights (based on the Spread on the date of exercise). Unless otherwise determined by the Committee at or after the Date of Grant, whenever any Option Price is paid in whole or in part by means of any of the forms of consideration specified in this Section 4(d), the Common Shares received upon the exercise of the Option Rights shall be subject to such risks of forfeiture or restrictions on transfer as may correspond to any that apply to the consideration surrendered, but only to the extent, determined with respect to the consideration surrendered, of (i) the number of shares, or (ii) the Spread of any unexercisable portion of Option Rights.

(e) Any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.

(f) Any grant may, at or after the Date of Grant, provide for the automatic grant of Reload Option Rights to an Optionee upon the exercise of Option Rights (including Reload Option Rights) using Common Shares or other consideration specified in Section 4(d). Reload Option Rights shall cover up to the number of Common Shares or Option Rights surrendered to the Company upon any such exercise in payment of the Option Price or to meet any withholding obligations. Reload Options may not have an Option Price that is less than the applicable Market

Value per Share at the time of exercise and shall be on such other terms as may be specified by the Committee, which may be the same as or different from those of the original Option Rights.

(g) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.

(h) Each grant shall specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary that is necessary before the Option Rights or installments thereof will become exercisable and may provide for continued vesting of the Option Rights after a termination of employment by reason of the Optionee's retirement, death, disability or other events as specified by the Committee. Each grant may also provide for the earlier exercise of such Option Rights in the event of a Change in Control, retirement, death or disability of the Optionee or other similar transaction or event.

(i) Any grant of Option Rights may specify Management Objectives that must be achieved as a condition to the exercise of such rights.

(j) Option Rights granted under this Plan may be (i) options, including, without limitation, Incentive Stock Options that are intended to qualify under particular provisions of the Code, (ii) options that are not intended so to qualify, or (iii) combinations of the foregoing.

(k) The Committee may, at or after the Date of Grant of any Option Rights (other than Incentive Stock Options), provide for the payment of dividend equivalents to the Optionee on either a current or deferred or contingent basis or may provide that such equivalents shall be credited against the Option Price.

(l) No Option Right shall be exercisable more than 10 years from the Date of Grant.

(m) Each grant of Option Rights shall be evidenced by an agreement or other written notice from the Company by an officer and delivered to the Optionee and containing such terms and provisions, consistent with this Plan, as the Committee may approve.

(i) Each Replacement Award shall reflect the adjustments provided for in the Employee Benefits Agreements and shall have the same material terms and conditions as the award it replaces under the Equifax Stock Incentive Plans, as determined by the Committee. Notwithstanding any other provision in this Plan to the contrary, no Replacement Award in substitution of an award that qualified as an Incentive Stock Option immediately before the grant of the Replacement Award shall contain any term that is more favorable than the terms of the substituted award.

5. Restricted Shares. The Committee may also authorize the grant or sale of Restricted Shares to Participants. Each such grant or sale may utilize any or all of the authorizations, and shall be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale shall constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than Market Value per Share at the Date of Grant.

(c) Each such grant or sale shall provide that the Restricted Shares covered by such grant or sale shall be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code for a period to be determined by the Committee at the Date of Grant and may provide for the earlier lapse of such substantial risk of forfeiture in the event of a Change in Control or other transaction or event; provided, however, that the Restricted Shares covered by any Replacement Award shall be subject to a "substantial risk of forfeiture" for the period provided in the award it replaced, as determined by the Committee.

(d) Each such grant or sale shall provide that during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares shall be prohibited or restricted in the manner and to the extent prescribed by the Board at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture in the hands of any transferee).

(e) Any grant of Restricted Shares may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such shares. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of Restricted Shares on which restrictions will terminate if performance is at or above the minimum level, but falls short of full achievement of the specified Management Objectives.

(f) Any grant or sale of Restricted Shares may require that any or all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and reinvested in additional Restricted Shares, which may be subject to the same restrictions as the underlying award.

(g) Each grant or sale of Restricted Shares shall be evidenced by an agreement executed on behalf of the Company by any officer and delivered to and accepted by the Participant and shall contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, all certificates representing Restricted Shares shall be held in custody by the Company until all restrictions thereon shall have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such Shares.

6. Awards to Non-Employee Directors. The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Non-Employee Directors of Option Rights and may also authorize the grant or sale of Restricted Shares to Non-Employee Directors.

(a) Each grant of Option Rights awarded pursuant to this Section 6 shall be upon terms and conditions consistent with Section 4 of this Plan and shall be evidenced by an agreement in such form as shall be approved by the Committee. Each grant shall specify an Option Price per share, which shall not be less than the Market Value per Share on the Date of Grant. Each such Option Right granted under the Plan shall expire not more than 10 years from the Date of Grant and shall be subject to earlier termination as hereinafter provided. Unless

otherwise determined by the Committee, such Option Rights shall be subject to the following additional terms and conditions:

- (i) Each grant shall specify the number of Common Shares to which it pertains subject to the limitations set forth in Section 3 of this plan.
- (ii) In the event of the death or disability of the holder of any such Option Rights, each of the then outstanding vested Option Rights of such holder may be exercised at any time within a stated period after such death or disability, as provided by the Committee in the grant, but in no event after the expiration date of the term of such Option Rights.
- (iii) If a Non-Employee Director subsequently becomes an employee of the Company or a Subsidiary while remaining a member of the Board, any Option Rights held under the Plan by such individual at the time of such commencement of employment shall not be affected thereby.
- (iv) Option Rights may be exercised by a Non-Employee Director only upon payment to the Company in full of the Option Price of the Common Shares to be delivered. Such payment shall be made in cash or in Common Shares then owned by the optionee for at least six months, or in a combination of cash and such Common Shares.
- (v) Any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.

(b) Each grant or sale of Restricted Shares pursuant to this Section 6 shall be upon terms and conditions consistent with Section 5 of this Plan.

#### 7. Transferability.

(a) Except as otherwise determined by the Committee, no Option Right granted under the Plan shall be transferable by a Participant other than by will or the laws of descent and distribution. Except as otherwise determined by the Committee, Option Rights shall be exercisable during the Optionee's lifetime only by him or her or by his or her guardian or legal representative.

(b) The Committee may specify at the Date of Grant that part or all of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 5 of this Plan, shall be subject to further restrictions on transfer.

(c) Notwithstanding the provisions of Section 7(a), the Committee may provide that any grant of Option Rights (other than Incentive Stock Options) and Restricted Shares shall be transferable by a Participant, without payment of consideration therefor by the transferee, to any one or more members of the Participant's Immediate Family (or to one or more trusts established solely for the benefit of one or more members of the Participant's Immediate Family or to one or more partnerships in which the only partners are members of the Participant's Immediate Family); provided, however, that (i) no such transfer shall be effective unless reasonable prior notice thereof is delivered to the Company and the Committee and such transfer is thereafter

effected in accordance with any terms and conditions that shall have been made applicable thereto by the Company or the Committee and (ii) any such transferee shall be subject to the same terms and conditions hereunder as the Participant.

8. Adjustments. The Committee may make or provide for such adjustments in the numbers of Common Shares covered by outstanding Option Rights granted hereunder, and in the Option Price and Base Price, and in the kind of shares covered thereby, as the Committee, in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, or (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all outstanding awards under this Plan such alternative consideration as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced. The Committee may also make or provide for such adjustments in the numbers of shares specified in Section 3 of this Plan as the Committee in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described in this Section 8; provided, however, that any such adjustment to the number specified in Section 3(c)(i) shall be made only if and to the extent that such adjustment would not cause any Option intended to qualify as an Incentive Stock Option to fail so to qualify, and the Committee may take into consideration, as to any award subject to a proposed adjustment, the potential adverse effect thereof under applicable tax or other laws, and may adjust such awards inconsistently as a consequence of those effects.

9. Change in Control. For purposes of this Plan, except as may be otherwise prescribed by the Committee in an agreement evidencing a grant or award made under the Plan, a "Change in Control" shall mean if at any time any of the following events shall have occurred:

(a) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this Section 9(a), a Change in Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (i) directly from the Company that is approved by the Incumbent Board, (ii) by the Company, (iii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (d) by any Person pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of Section 9(b); or



(b) Business Combinations. Consummation of a Business Combination, unless, immediately following that Business Combination, (i) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (ii) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (iii) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the action of the Board of Directors providing for that Business Combination; or

(c) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

(d) Liquidations or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of Section 9(b).

For purposes of this Section 9, the following definitions will apply:

(i) "Beneficial Ownership" means beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

(ii) "Business Combination" means a reorganization, merger or consolidation of the Company.

(iii) "Eighty Percent (80%) Subsidiary" means an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

(iv) "Exchange Act" means the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

(v) "Incumbent Board" means a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of June 30, 2001, or (b) members who become members of the Company's Board of Directors subsequent to June 30, 2001, whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or

by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

(vi) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act).

(vii) "Voting Stock" means the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board.

10. Fractional Shares. The Company shall not be required to issue any fractional Common Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

11. Withholding Taxes. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company and the Committee for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit. With the consent of the Committee, a Participant or such other person may also make similar arrangements with respect to the payment of any taxes with respect to which withholding is not required.

12. Foreign Employees. In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom, which special terms may be contained in an Appendix attached hereto. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

13. Administration of the Plan.

(a) This Plan shall be administered by the Committee. A majority of the Committee shall constitute a quorum, and the action of the members of the Committee present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the Committee. Except as the Board may otherwise determine, so long as the Company's

outstanding Common Shares are owned by Equifax Inc., all matters relating to awards under the Plan shall be, and hereby are, delegated to the Compensation and Human Resources Committee of Equifax Inc., provided that all actions taken shall be subject to the approval of the Board.

(b) The Committee, in its discretion, may delegate to one or more officers of the Company, all or part of the Committee's authority and duties with respect to Participants who are not subject to the reporting and other provisions of Section 16 of the Exchange Act or any successor rule to the same effect. In the event of such delegation, and as to matters encompassed by the delegation, references in the Plan to the Committee shall be interpreted as a reference to the Committee's delegate or delegates. The Committee may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Committee's delegate or delegates that were consistent with the terms of the Plan.

(c) The interpretation and construction by the Committee of any provision of this Plan or of any agreement, notification or document evidencing the grant of Option Rights or Restricted Shares, and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document shall be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith.

#### 14. Amendments, Etc.

(a) The Committee may at any time and from time to time amend the Plan in whole or in part; provided, however, that any amendment which must be approved by the shareholders of the Company in order to comply with applicable law or the rules of the New York Stock Exchange or, if the Common Shares are not traded on the New York Stock Exchange, the principal national securities exchange upon which the Common Shares are traded or quoted, shall not be effective unless and until such approval has been obtained. Presentation of this Plan or any amendment hereof for shareholder approval shall not be construed to limit the Company's authority to offer similar or dissimilar benefits under other plans without shareholder approval. No amendment shall, without a Participant's consent, adversely affect any rights of any Participant with respect to any award outstanding at the time such amendment is made. No amendment to this Plan shall become effective until shareholder approval is obtained if (i) the amendment increases the aggregate number of Common Shares that may be issued under the Plan, (ii) the amendment changes the class of individuals eligible to become Participants, or (iii) the amendment extends the duration of the Plan.

(b) The Committee shall not, without the further approval of the shareholders of the Company, authorize the amendment of any outstanding Option Right to reduce the Option Price. Furthermore, no Option Right shall be canceled and replaced with awards having a lower Option Price without further approval of the shareholders of the Company. This Section 14(b) is intended to prohibit the repricing of "underwater" Option Rights and shall not be construed to prohibit the adjustments provided for in Section 8 of this Plan.

(c) The Committee also may permit Participants to elect to defer the issuance of Common Shares or the settlement of awards in cash under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan. The Committee also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts.

(d) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

(e) In case of termination of employment by reason of death, disability or normal or early retirement, or in the case of hardship or other special circumstances, of a Participant who holds an Option Right not immediately exercisable in full, or any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or who holds Common Shares subject to any transfer restriction imposed pursuant to Section 7(b) of this Plan, the Committee may, in its sole discretion, accelerate the time at which such Option Right may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award.

(f) This Plan shall not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate such Participant's employment or other service at any time.

(g) To the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision shall be null and void with respect to such Option Right. Such provision, however, shall remain in effect for other Option Rights and there shall be no further effect on any provision of this Plan.

15. Termination. No grant shall be made under this Plan more than 10 years after the date on which this Plan is first approved by the Board of Directors of the Company, but all grants made on or prior to such date shall continue in effect thereafter subject to the terms thereof and of this Plan. The Committee may terminate the Plan at any time provided that such termination shall not adversely affect the rights of any Participant or beneficiary under any award granted prior to the date of such termination.

CERTEGY INC.

2001 KEY MANAGEMENT LONG-TERM INCENTIVE PLAN

Effective June 15, 2001

ARTICLE I  
Purpose

The purpose of the plan is to provide long-term incentive compensation to Eligible Executives of Certegy Inc. and/or its subsidiaries who make substantial contributions to the success of their employers, to provide a means for such Eligible Executives to participate in such success, and to assist in attracting and retaining the highest quality individuals in key executive positions. This plan is effective June 15, 2001.

ARTICLE II  
Definitions

The following words and phrases shall have the respective meanings set forth below (unless the context indicates otherwise).

2.1 "Approval of Shareholders" shall mean the affirmative vote of the holders of at least a majority of the shares of common stock of the Company then outstanding.

2.2 "Award" shall mean the stated cash amount(s) to which Participants will be entitled upon achievement of goals based on Management Objectives established at the time the Award is granted.

2.3 "Committee" shall mean the Compensation and Human Resources Committee of the Company's Board of Directors, as the same from time to time may be constituted, or such other committee as may be appointed by the Board of Directors.

2.4 "Common Stock" means the Common Stock, \$.01 par value per share, of the Company.

2.5 "Company" shall mean Certegy Inc.

2.6 "Eligible Executive" shall mean elected officers and any other key management personnel of the Company or a subsidiary or division of the Company as determined by the Committee, from time to time, including, without limitation, any officer who is a Director. An Eligible Executive shall not include an officer who is not a full-time employee, even though said officer is a Director, except that a person who was an Eligible Executive and a Director immediately prior to his retirement as an employee of the Company shall continue to be an Eligible Executive so long as he retains his position as an officer and Director.

2.7 "Employer" shall mean the Company or the subsidiary or affiliate of the Company by whom the Participant is employed at the time in question.

2.8 "Management Objective" shall mean specified levels of, or growth in, one or more of the following criteria:

- (a) earnings;
- (b) earnings per share;
- (c) economic value added;
- (d) revenue;
- (e) sales;
- (f) operating profit;
- (g) net income;
- (h) total return to shareholders;
- (i) market share;
- (j) profit margin;
- (k) cash flow/net assets ratio;
- (l) debt/capital ratio;
- (m) return on total capital;
- (n) return on equity;
- (o) return on assets; and
- (p) common stock price.

If the Committee makes an Award subject to a particular Management Objective, the Committee shall adopt or confirm a written definition of that Management Objective at the time of the Award. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to a specific division, subsidiary, Employer, department, region, or function in which the Participant is employed. Management Objectives may be made relative to the performance of other corporations.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Committee may in its discretion modify such Management Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable, except in the case of a Covered Employee where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In the case of a Covered Employee, in determining financial results, items whose exclusion from consideration will increase the Award shall only have their effects excluded if they constitute "extraordinary" or "unusual" events or items under generally accepted accounting principles and all such events and items shall be excluded. The Committee shall also adjust the performance calculations to exclude the unanticipated effect on financial results of changes in the Code, or other tax laws, and the regulations thereunder. The Committee may decrease the amount of an Award otherwise payable if, in the Committee's view, the financial performance during the performance cycle justifies such adjustment, regardless of the extent to which the Performance Measure was achieved.

2.9 "Measurement Period:" Management Objectives may be calculated on the basis of a portion of a year, a single year, cumulatively for a stated number of years, as an average over a stated number of years, or otherwise, as determined by the Committee at the time the Management Objective is established, which shall be the "Measurement Period."

2.10 "Participant" means any Eligible Executive to whom an Award has been granted but not yet paid pursuant to this Plan.

2.11 "Plan" means this Certegy Inc. 2001 Key Management Long-Term Incentive Plan.

#### ARTICLE III Eligibility

All Eligible Executives, as determined by the Committee, from time to time, shall be eligible for participation in this Plan.

#### ARTICLE IV Selection of Participants, Grant of Awards and Administration of Plan

The Committee shall determine, from time to time, those officers who are to be granted Awards pursuant to Article V below. This Plan shall be administered by the Committee, and the Committee shall (1) construe and interpret the Plan, and (2) make such reasonable rules and regulations for the administration of the Plan as it deems advisable. Any determination by the Committee in administering, interpreting or construing the Plan in accordance with this Article shall be final, binding and conclusive for all purposes and upon all interested persons.

#### ARTICLE V Grants of Awards, Effective Date and Termination

Subject to the provisions below, the maximum Award granted to any Participant in any fiscal year of the Company shall not exceed \$5,000,000. Subject to the approval of Equifax Inc. as the shareholder of the Company, this Plan shall become effective June 15, 2001. No Awards may be granted under this Plan after the 10th anniversary of the date the Plan is approved by the Board of Directors.

#### ARTICLE VI Right to Receive Cash Award; Conversion to Equity Interest

6.1 Subject to the provisions of Article V, the Participant shall be entitled to receive the cash to which his Award entitles him as soon as practical after the end of the Measurement Period with respect to that Award; provided, however, that:

(a) Each Award granted under the Plan shall be forfeited and canceled in all respects, and no cash shall be delivered or paid to the Participant thereof, in the event that:

(i) The employment of the Participant by the Employer is terminated, either voluntarily or involuntarily, by the Employer or the Participant, for any reason whatsoever (subject to the provisions of Article VII hereof) prior to the end of the Measurement Period for that Award;

(ii) The employment status of the Participant has changed prior to the end of the Measurement Period for that Award so that the Participant is no longer an Eligible Executive; or

(iii) The Management Objective for the Measurement Period for such Award is less than the minimum stated in the Award.

(b) A portion, or all, of each Award shall be forfeited and canceled in all respects, and no cash shall be delivered or paid with respect to the portion of such Award so forfeited and canceled, in the event that the aggregate Management Objective for the Measurement Period with respect to the Award is not at least equal to a minimum stated in the Award.

(c) The Committee shall establish, for each Measurement Period, the goals based on one or more Management Objectives. These goals will be established on or before the date any Award relating to said Measurement Period is granted. The goals will be established with consideration given to the economic conditions existing at the time said goals are established. A portion, or all, of each Award shall be forfeited and canceled in all respects, and no cash shall be delivered or paid with respect to the portion of such Award so forfeited and canceled, in the event that the goals established for the Measurement Period are not achieved, all as prescribed by the Committee. The Committee shall deliver to each Participant written notice of the goals established for the Measurement Period to which said Award relates, along with the forfeiture provisions relating to said Award. Even though performance goals established for each Measurement Period are met or exceeded, the Committee shall have the discretion, as to each Participant, to reduce the amount of an Award that would otherwise be paid or to determine that no portion should be paid. The Committee may not increase the amount of an Award that would otherwise be paid.

(d) Nothing contained in this Article VI or elsewhere in this Plan shall eliminate, impair or otherwise affect the right of the Employer to terminate or change the employment of any Eligible Executive at any time, and the grant of an Award to any such Eligible Executive shall not be deemed to, and shall not, result in any agreement, expressed or implied, by the Employer to retain such person in any specific position or in its employ for the duration of the Measurement Period with respect to such Award or for any other period.



(e) Subject to the provisions of this paragraph, the terms of an Award may provide, if the Committee so directs in each instance, that each Participant may elect, by delivering written notice of such election to the Secretary of the Company during the period defined below, to surrender his or her right to receive up to the full value of the Award that would otherwise be paid to the Participant at the end of the Measurement Period, in exchange for the right to receive an equity interest as described below. In order to be effective, such written notice of election must be delivered to the Secretary of the Company during a period beginning on the third business day following release for publication (in the manner hereinafter set forth) of the Company's quarterly statements of sales and earnings for the final fiscal quarter ending within the Measurement Period and ending on the twelfth business day following said release for publication. Any such election shall be subject to the right of the Committee to disapprove the same, in whole or in part, at any time after such election but prior to the issuance of cash with respect to the particular Award in accordance with the provisions of this Plan. In the event of the death, disability or retirement of a Participant, at any time during the Measurement Period to which an Award relates, the Award shall be distributed as provided in Article VII hereof regardless of any election made by such Participant. The release for publication of the Company's quarterly statements as referred to in the second sentence of this paragraph shall be deemed to have been made at the time such data appears (i) on a wire service, (ii) in a financial news service, (iii) in a newspaper of general circulation or (iv) is otherwise made publicly available. For purposes of this paragraph, the determination of the appropriate equity interest into which the cash award is converted shall be made based on rules adopted by the Committee and uniformly applied, and said rules shall be adopted prior to or at the time of the grant of the Award in question, and the aggregate value of the cash portion and the value of the equity interest for any individual, determined at the date of grant, shall not exceed the maximum referred to in Article V. The equity interest may be an option for purchase of Common Stock, restricted shares of Common Stock, or any other equity interest determined by the Committee. The equity interest may be issued by the Committee on its own action or pursuant to the Company's 2001 Stock Incentive Plan or any such other stock incentive plan as the Committee deems appropriate.

#### ARTICLE VII

##### Death, Disability or Retirement of Eligible Executive or Change in Control of the Company

7.1 In the event of the termination of employment with the Employer during any Measurement Period of any Participant by reason of the death or disability or retirement of such Participant, the Committee may, but shall not be obligated to, waive the continuation of the employment requirement set forth in section 6.1(a)(i) above. In the event that such requirement is waived, such Participant or his estate, as the case may be, will be entitled to receive an Award in cash equivalent to a pro rata portion of the amount which said Participant would have received, if the employment of such Participant had continued through the Measurement Period for such Award. For purposes of Article VI and this Article VII, a Participant shall not be deemed to have terminated his employment although he retires from said employment, if he continues to serve as an elected officer of the Company or a subsidiary of the Company and to serve as a Director of

the Company; said Eligible Executive shall be deemed to have terminated his employment when his term of office expires and he is not re-elected thereto, or when he is removed or resigns from office, if earlier.

7.2 This pro rata portion shall be computed as follows: The cash Award which would have been earned based on the level of actual achievement of the Management Objective at the end of the Measurement Period will be multiplied by a fraction, the numerator of which shall be the number of full calendar months during the Measurement Period prior to the Participant's death, disability or retirement, and the denominator of which shall be the number of full calendar months contained in the complete Measurement Period.

7.3 In the event of the termination of employment with the Employer of any Participant after completing a Measurement Period, but before distribution of his Award is made, such Participant or his estate, as the case may be, will be entitled to receive the Award to the same extent, in the same manner and at the same time as if the employment of such Eligible Executive had not terminated, except that if the Participant has directly or indirectly engaged in any activity that is harmful to the Company or the Employer, as determined by the Committee in its sole discretion (including without limitation the disclosure or misuse of any confidential information or trade secrets of the Company or the Employer), then Participant shall forfeit any entitlement to such Award.

7.4 If there is a "change in control of the Company," as hereinafter defined, during any Measurement Period, then, notwithstanding any other provision of this Plan to the contrary, any Participant holding any Award shall be irrevocably entitled to receive an amount in cash which is equal to (i) the target award if the change in control occurs during the first measurement year, or (ii) 150% of the target award if the change in control occurs after said first year (but no less than the projected payout determined on the effective date of the change in control if the change in control occurs during the last three months of the Measurement Period). Such payment will be made within sixty (60) days following the change in control of the Company.

7.5 For purposes of this Article VII, a "change in control of the Company" shall be deemed to have occurred upon the occurrence of any of the following events:

(a) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this Section 7.5, a Change in Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (i) directly from the Company that is approved by the Incumbent Board, (ii) by the Company, (iii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (iv) by any Person pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of subparagraph 7.5(b); or

(b) Business Combinations. Consummation of a Business Combination, unless, immediately following that Business Combination, (i) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company

immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (ii) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (iii) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the of the action of the Board of Directors providing for that Business Combination; or

(c) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

(d) Liquidations or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of section 7.5(b)

7.6 For purposes of this Article VII, the following definitions will apply:

(a) "Beneficial Ownership" means beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

(b) "Business Combination" means a reorganization, merger or consolidation of the Company.

(c) "Disability" means permanently and totally disabled as defined in Code Section 22(e)(3).

(d) "Eighty Percent (80%) Subsidiary" means an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

(e) "Exchange Act" means the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

(f) "Incumbent Board" means a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of

Directors as of June 30, 2001, or (b) members who become members of the Company's Board of Directors subsequent to such date, whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

(g) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act).

(h) "Voting Stock" means the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board.

#### ARTICLE VIII Nonalienation of Benefits

Neither the Award nor any other right or benefit under this Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber or charge the same shall be void and shall not be recognized or given effect by the Company.

#### ARTICLE IX Certificates of Award

The Company shall execute and deliver to each Participant to whom an Award is granted a certificate, in the form prescribed by the Committee, evidencing such Award and stating the date thereof and cash amount that is the subject of the Award.

#### ARTICLE X Amendment, Suspension or Termination of Plan

The Board of Directors of the Company may amend, suspend or terminate this Plan in whole or in part at any time; provided that, except as expressly provided in this Plan, no such amendment, suspension or termination shall adversely affect the rights of the holders of any Award then outstanding.

FIRST AMENDMENT TO  
CERTEGY INC.  
2001 KEY MANAGEMENT LONG-TERM INCENTIVE PLAN

Pursuant to action taken by the Compensation and Human Resources Committee of the Board of Directors of Certegy Inc. as of February 28, 2002, the name of the Certegy Inc. 2001 Key Management Long-Term Incentive Plan is changed to the "Certegy Inc. Key Management Long-Term Incentive Plan."

CERTEGY INC.

NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

EFFECTIVE JUNE 15, 2001

ARTICLE I. PURPOSE

The purpose of this Plan is to promote the interest of Certegy Inc. and its Subsidiaries by granting Options to Non-Employee Directors in order:

- (1) to attract and retain Non-Employee Directors,
- (2) to provide Non-Employee Directors with long-term financial incentives to increase the value of Certegy Inc., and
- (3) to provide each Non-Employee Director with a stake in the future of Certegy Inc. which corresponds to the stake of each of the Company's shareowners.

ARTICLE II. DEFINITIONS AND GENDER AND NUMBER

2.1 Definitions. Each term set forth in this Article II shall have the respective meaning Set forth opposite such term for purposes of this Plan, and when the defined meaning is intended the term is capitalized.

- (a) "Agreement" means a written agreement, substantially in the form attached hereto as Exhibit A, which sets forth the Option Price and other terms and conditions with respect to an Option granted to a Non-Employee Director under this Plan.
- (b) "Board" means the Board of Directors of Certegy Inc..
- (c) "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (d) "Company" means Certegy Inc., a Georgia corporation.
- (e) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.
- (f) "Fair Market Value" means, on any given date, the closing price of a share of Stock as reported on the New York Stock Exchange composite tape on such day or, if the Stock was not traded on the New York Stock Exchange on such day, then on the next preceding day that the share of Stock was traded on such exchange.

(g) "Non-Employee Director" means a member of the Board who is not an officer or employee of the Company or its affiliates.

(h) "Option" means an option granted under this Plan to purchase Stock, which shall constitute a nonqualified or nonstatutory stock option and not an incentive stock option under Code Section 422.

(i) "Option Price" means the price (determined in accordance with Section 6.2) which shall be paid to purchase one share of Stock upon the exercise of an Option granted under this Plan.

(j) "Plan" means this Certegy Inc. Non-Employee Director Stock Option Plan as effective June 15, 2001, and as thereafter amended from time to time.

(k) "Stock" means the \$ .01 par value common stock of the Company.

2.2 Gender and Number. Unless the context clearly requires otherwise, the masculine pronoun whenever used shall include the feminine and neuter pronouns, the singular shall include the plural and the plural shall include the singular.

#### ARTICLE III. SHARES SUBJECT TO OPTIONS

The aggregate number of shares of Stock with respect to which the grant of Options (collectively referred to as "Grants" in this Article III) may be made shall not exceed 200,000 shares of Stock (as adjusted in accordance with Article X whenever such an adjustment is called for). Any shares of Stock subject to a Grant after the exchange, cancellation, forfeiture or expiration of such Grant thereafter shall again become available for use under this Article III as if such shares of Stock had never been subject to a Grant.

#### ARTICLE IV. EFFECTIVE DATE

The effective date of this Plan shall be the date it was approved by the Board, June 15, 2001. The Plan was approved by Equifax Inc., as the Company's sole shareholder, on June 29, 2001.

#### ARTICLE V. ELIGIBILITY

Only Non-Employee Directors shall be eligible for the grant of Options under this Plan.

#### ARTICLE VI. OPTIONS

6.1 Initial Grant of Options. Each Non-Employee Director serving in such capacity on the day following the date of the distribution of the Company's common stock to the shareholders of Equifax Inc. shall be granted an option to purchase 2,000 shares of Stock. Each

person who first becomes a Non-Employee Director after such date shall be granted an option to purchase 2,000 shares of Stock on the date that he or she became a Non-Employee Director.

6.2 Grant of Options. Subject to the terms and conditions of this Plan, on the day following each annual meeting of the shareholders of the Company occurring after the effective date of this Plan, each Non-Employee Director serving on such date shall receive an Option to purchase 2,000 shares of Stock. Each grant of an Option shall be evidenced by and subject to an Agreement.

6.3 Option Price; Form of Payment. The Option Price for each share of Stock subject to an Option shall be the greater of (i) the par value of a share of Stock, or (ii) the Fair Market Value of a share of Stock on the date the Option is granted. Payment of the Option Price may be made in any one or more of the following ways: (a) in cash, or (b) in cash by a broker-dealer acceptable to the Company to whom the Non-Employee Director has submitted an irrevocable notice of exercise, or (c) by delivery to the Company of previously-owned shares of Stock which the Non-Employee Director has held for at least six months prior to the date of exercise, and which have a Fair Market Value as of the date of exercise.

6.4 Option Period. Each Option granted under this Plan shall be exercisable at such time or times as set forth in the Agreement, and each Option shall expire automatically on the earliest of (i) the date such Option is exercised in full, or (ii) the date such Option expires in accordance with the Agreement.

#### ARTICLE VII. NONTRANSFERABILITY

No Option granted under this Plan shall be transferable by a Non-Employee Director other than by will, by the applicable laws of descent and distribution (including such beneficiary designations as may be made in accordance with the Agreement) or pursuant to a qualified domestic relations order as defined by the Code, and such Option shall be exercisable during a Non-Employee Director's lifetime only by the Non-Employee Director or such qualified transferee. Any such qualified transferee shall be treated as the Non-Employee Director only to the extent that the Non-Employee Director's rights under such Option are properly transferred to such person as provided above.

#### ARTICLE VIII. STOCK RESTRICTIONS

The Company shall have the right under this Plan to restrict or otherwise delay the issuance of any shares of Stock purchased or paid under this Plan until the requirements of any applicable laws or regulations and any stock exchange requirements have been in the Company's judgment satisfied in full. Furthermore, any shares of Stock which are issued as a result of purchases or payments made under this Plan shall be issued subject to such restrictions and conditions on resale and any other disposition as the Company shall deem necessary or desirable under any applicable laws or regulations or in light of any stock exchange requirements.



#### ARTICLE IX. LIFE OF PLAN

This Plan shall terminate automatically on the second day following our 2010 annual meeting of shareholders. At any time prior to such automatic termination date, the Board may terminate the Plan. No Option shall be granted under this Plan after the date this Plan terminates. However, with respect to any Options which are outstanding on the Plan's termination date, the applicable terms of the Plan and the Agreement shall survive the termination until such Options have been exercised in full, forfeited in full or otherwise completely expired.

#### ARTICLE X. ADJUSTMENT

The number of shares of Stock subject to Options granted under this Plan (and the related Option Prices) shall be administratively adjusted (in a manner which does not constitute a "modification," "extension" or "renewal" as those terms are used under Code Section 424(h)) to reflect any change in the capitalization of the Company, including, but not limited to, such changes as stock dividends or stock splits. Furthermore, the number of shares of Stock under Article III of this Plan and the number of shares subject to Options granted under this Plan (and the related Option Prices) shall be administratively adjusted (in a manner which satisfies the requirements of Code Section 424(a)) in the event of any corporate transaction described in Code Section 424(a) which provides for the substitution or assumption of such Options. If any adjustment under this Article X would create a fractional share of stock or a right to acquire a fractional share of Stock, such fractional share shall be disregarded and the number of shares of Stock reserved under this Plan and the number of shares of stock subject to any Options granted under this Plan shall be the next lower whole number of shares of Stock, rounding all fractions downward. Any adjustment made under this Article X shall be conclusive and binding on all affected persons.

#### ARTICLE XI. SALE OR MERGER OF THE COMPANY

If the Company agrees to sell substantially all of its assets for cash or property or for a combination of cash and property or agrees to any merger, consolidation, reorganization, division or other corporate transaction in which Stock is converted into another security or into the right to receive securities or property and such agreement does not provide for the assumption or substitution of the Options granted under this Plan, each outstanding Option shall be cancelled in exchange for the same consideration each Non-Employee Director otherwise would receive as a shareholder of the Company in connection with such sale or other corporate transaction if he had the right to exercise his Option in full under this Plan for shares of Stock immediately before such sale or other transaction and he exercised that right. The number of shares of Stock subject to an Option which each Non-Employee Director shall be deemed to have a right to receive upon such exercise shall be determined by dividing the excess of the Fair Market Value of the shares of Stock subject to his Option immediately before such sale or other corporate transaction over the Option Price for such shares by the Fair Market Value of a share of Stock immediately before the consummation of such sale or other corporate transaction. If any calculation under this Article XI results in a fractional share of Stock, such fractional share shall be paid in cash.

ARTICLE XII. ADMINISTRATION, AMENDMENTS AND TERMINATION

12.1 General. Amendments with respect to this Plan shall be accomplished pursuant to authority and procedures established and in effect from time to time through resolutions adopted by the Board; provided, however, that this Plan may not be amended more than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, or the rules thereunder; provided further, this Plan may not be amended with respect to the number of shares subject to an Option granted to a Non-Employee Director, Option Price or method for determining Fair Market Value of shares of Stock, and the timing of awards. Amendments to this Plan may be made by the Board without the approval of the shareholders of the Company.

12.2 Acceleration. Notwithstanding any other provision of this Plan, the Board may, in its discretion, accelerate the time at which any Option may be exercised, but only in the event of the death, retirement or disability of a Non-Employee Director or a change in control of the Company. For purposes of this Plan, "retirement" means termination of service as a director on the Board after age 55 and completion of five years of service as a director. "Disability" means permanently and totally disabled as defined in Code Section 22(e)(3). A "change in control of the Company" means the occurrence of any of the following events:

(a) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this Section, a Change in Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (1) directly from the Company that is approved by the Incumbent Board, (2) by the Company, (3) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (4) by any Person pursuant to a Business Combination that complies with all of the provisions of the clauses (1) (2) and (3) of subparagraph (b) below; or

(b) Business Combinations. Consummation of a Business Combination, unless, immediately following that Business Combination, (1) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (2) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that

entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (3) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for that Business Combination; or

(c) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

(d) Liquidations or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with all of the clauses (1) (2) and (3) of subparagraph (b) above.

For purposes of this Section, the following definitions will apply:

(i) "Beneficial Ownership" means beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

(ii) "Business Combination" means a reorganization, merger or consolidation of the Company.

(iii) "Eighty Percent (80%) Subsidiary" means an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

(iv) "Exchange Act" means the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

(v) "Incumbent Board" means a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of the date of Grant, or (b) members who become members of the Company's Board of Directors subsequent to the date of Grant whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

(vi) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act).

(vii) "Voting Stock" means the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board of Directors.

ARTICLE XIII. MISCELLANEOUS

13.1 Construction. This Plan and each agreement under this Plan will be governed and construed in accordance with the laws of the State of Georgia.

13.2 Term of Service with Board. The granting of an Option to a Non-Employee Director under this Plan will not obligate the Company or any of its affiliates to provide that Non-Employee Director upon the termination of his or her service on the Board with any benefit whatsoever except as provided under the Agreement.

13.3 Income Tax Withholding. To satisfy any tax withholding payments that become necessary as the result of an exercise of an option under this Plan, the Agreement may provide that the Non-Employee Director will be entitled to satisfy such withholding payments in any one or more of the following ways: (a) by cash payment to the Company, or (b) by cash payment by a broker-dealer acceptable to the Company to whom the Non-Employee Director has submitted an irrevocable notice of exercise, or (c) by delivery to the Company of previously-owned shares of Stock which the Non-Employee Director has held for at least six months prior to the date of delivery, and which have a Fair Market Value as of the date on which the withholding obligation arose that is not less than the amount of the withholding obligation, or (d) by authorizing the Company to withhold shares of Stock which would otherwise be delivered to the Non-Employee Director upon exercise of the option, and which have a Fair Market Value as of the date on which the withholding obligation arose that is not less than the amount of the withholding obligation.

13.4 No Shareholder Rights. No Non-Employee Director will have any rights as a shareholder of the Company as a result of the grant of an Option to him under this Plan or his exercise of such Option pending the actual delivery of Stock to him as a result of such exercise, and his rights upon such delivery shall be prospective only.

EXHIBIT A (FORM OF AGREEMENT)

CERTEGY INC.

NON-EMPLOYEE DIRECTOR STOCK OPTION AGREEMENT

Number of Shares: \_\_\_\_\_

Option Price: \$ \_\_\_\_\_

Option Grant Date: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

CERTEGY INC. (the "COMPANY"), a Georgia corporation, in accordance with the Certegy Inc. Non-Employee Director Stock Option Plan, as may be amended from time to time (the "PLAN"), hereby grants a Nonqualified Stock Option ("OPTION") to the Optionee named above to purchase from the Company the above stated number of shares of the Company common stock, \$ .01 par value ("STOCK"), at an option price per share ("OPTION PRICE") as stated above. This Option is subject to the terms and conditions contained in this Agreement and to the further terms and conditions set forth in the Plan. This Option is granted effective as of the Option Grant Date stated above and shall expire on the Expiration Date stated above, subject to any earlier exchange, cancellation, forfeiture, expiration or extension under Section 3 of this Agreement or the provisions of the Plan.

1. General. The terms and conditions of this Agreement constitute a part of the Certegy Inc. Non-Employee Director Stock Option Plan and apply to each Option granted under the Plan.

2. Date Exercisable.

(a) An Option shall first become exercisable as to one hundred percent (100%) of the shares of Stock subject to this Option on the first anniversary of the Grant Date; provided, however, that an Option shall become immediately exercisable as to all of the shares of Stock subject to the Option upon the occurrence of one of the events described in Section 2(d) or clauses (i), (ii) or (iii) of Section 3(a).

(b) Once it has become exercisable, an Option will continue to be exercisable at any time in whole or in part (but if in part, in an amount equal to at least 100 shares or, if less, the number of shares remaining to be exercised under the Option) on any business day of the Company before the date such Option expires under Section 3 of this Agreement.

(c) If Optionee is subject to minimum stock ownership guidelines as may be in effect from time to time, and if upon Optionee's election to exercise his/her stock option(s) Optionee has not satisfied the stock ownership guidelines then in effect, then

Optionee will be precluded from using the Company's cashless exercise program. In that event, any exercisable Options may be exercised through the payment of cash or cash equivalent or by tendering previously owned shares of Company stock.

(d) If a Change in Control of the Company occurs while Optionee is serving on the Board, then the Option will become immediately exercisable with respect to that portion of the Number of Shares with respect to which the Option has not yet been exercised or is not yet exercisable (the "UNEXERCISED PORTION").

3. Expiration. An Option shall expire and, except as otherwise noted, Optionee shall have no further rights under this Agreement, upon the earlier of:

(a) subject to extension under Section 3(c), the last day of the 36-month period which begins on the date when Optionee terminates his service on the Board by reason of (i) death, (i) disability, or (iii) retirement, which shall mean termination of service on the Board after the Optionee has reached age 55 and completed at least five years of service as a director on the Board;

(b) the date on which Optionee (i) resigns from or is not re-elected to the Board prior to being eligible for retirement under clause (iii) of Section 3(a); (ii) resigns for the purpose of accepting, or retires and subsequently accepts, a directorship or employment, or becomes associated with, employed by or renders service to, or owns an interest in (other than as a shareholder with a less than 5% interest in a publicly traded company) any business that is competitive with the Company or any of its affiliates or with any other business in which the Company or any of its affiliates have a substantial direct or indirect interest; or (iii) resigns as a result of an interest or affiliation that would prohibit continued service as a director;

(c) if Optionee terminates service on the Board under the conditions described under Section 3(a) and at his death the Option is exercisable as to any number of shares of Stock, the last day of the 6-month period which begins on the date of Optionee's death, notwithstanding any earlier expiration of the Option that may otherwise be provided under this Agreement; or

(d) if Optionee's service on the Board terminates after the Date on which a Change in Control occurs, other than as a result of any events described in clauses (ii) or (iii) of Section 3(b) above, then Optionee may exercise the Unexercised Portion until the last day of the sixty (60) month period following the termination of Optionee's service on the Board, notwithstanding any earlier expiration of the Option that may otherwise be provided under this Agreement;

(e) the date the Option has been exercised in full; or

(f) subject to extension under Sections 3(c) and 3(d), one day after the expiration of the 5-year period which begins on the Option Grant Date.

4. Method of Exercise. An Option may be exercised by properly completing and actually delivering the applicable Notice of Exercise form to the Company, together with

payment in full of the Option Price for the shares of Stock the Optionee desires to purchase through such exercise. Payment of the Option Price may be made in any one or more of the following ways: (a) in cash, or (b) in cash by a broker-dealer acceptable to the Company to whom the Optionee has submitted an irrevocable notice of exercise, or (c) by delivery to the Company of previously-owned shares of Stock which the Optionee has held for at least six months prior to the date of exercise, and which have a Fair Market Value as of the date of exercise that is not less than the Option Price.

5. Effective Date of Exercise. An exercise shall be effective on the date a properly completed Notice of Exercise form, together with payment of the Option Price, actually is delivered to and accepted by the Executive Compensation Department at the Company headquarters.

6. Nontransferable. No rights granted under this Agreement shall be transferable by Optionee during Optionee's lifetime, and such rights shall be exercisable during Optionee's lifetime only by Optionee, except that Optionee's rights under this Agreement may be transferred by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code.

7. Stockholder Status. Optionee shall have no rights as a stockholder with respect to any shares of Stock under an Option before the date such shares have been duly issued to Optionee and no adjustment shall be made for dividends of any kind or description whatsoever or for distributions of other rights of any kind or description whatsoever respecting such Stock except as expressly set forth in the Plan.

8. Other Laws. The Company shall have the right to refuse to issue or transfer any shares of Stock under an Option if the Company, acting in its absolute discretion, determines that the issuance or transfer of such shares might violate any applicable law or regulation or cause any violation under Section 16(b) of the Securities Exchange Act of 1934, and any payment tendered in such event to exercise this Option shall be promptly refunded to Optionee.

9. Exercise Restrictions. The Company shall have the right to restrict or otherwise delay the issuance of any shares of Stock purchased or paid for under this Agreement until the requirements of any applicable laws or regulations and any stock exchange requirements have been in the Company's judgment satisfied in full. Furthermore, any shares of Stock which are issued as result of purchases or payments made under this Agreement shall be issued subject to such restrictions and conditions on resale and on any other transfer or disposition as the Company shall deem necessary or desirable under any applicable laws or regulations or in light of any stock exchange requirements.

10. Taxes. If any tax withholding payments become necessary as the result of an exercise of an option under this Agreement, Optionee may satisfy these withholding payments by doing any one or more of the following: (a) by making cash payment to the Company, or (b) by making cash payment by a broker-dealer acceptable to the Company to whom the Optionee has submitted an irrevocable notice of exercise, or (c) by delivering to the Company previously-owned shares of Stock which the Optionee has held for at least six months prior to the date of delivery, and which have a Fair Market Value as of the date on which the withholding obligation

arose that is not less than the amount of the withholding obligation, or (d) by authorizing the Company to withhold shares of Stock which would otherwise be delivered to the Optionee upon exercise of the option, and which have a Fair Market Value as of the date on which the withholding obligation arose that is not less than the amount of the withholding obligation.

11. Amendment. Optionee's rights under this Agreement can be modified, suspended or canceled in accordance with the terms of the Plan. However, the provisions of the Plan and the Agreement may not be amended more than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, or the rules thereunder. This Agreement may not be amended with respect to the amount, Option Price or method for determining Fair Market Value of shares of Stock, and the timing of awards.

12. Miscellaneous.

(a) This Agreement shall be subject to the provisions, definitions, terms and conditions set forth in the Plan, all of which are incorporated by this reference, and unless defined in this Agreement, any capitalized terms shall have the same meaning assigned to those terms under the Plan.

(b) The Plan and this Agreement shall be governed by and construed under the laws of the State of Georgia.

(c) The exercise of this Option shall not be effected by the exercise or non-exercise of any other option that may be granted under any other plan or arrangement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by a duly authorized officer, and the Optionee has affixed his signature below.

CERTEGY INC.

By: \_\_\_\_\_  
Name:  
Title:

OPTIONEE:  
\_\_\_\_\_



CERTEGY INC.  
DEFERRED COMPENSATION PLAN  
Effective as of June 15, 2001

CERTEGY INC. DEFERRED COMPENSATION PLAN  
EFFECTIVE AS OF JUNE 15, 2001

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CERTEGY INC. DEFERRED COMPENSATION PLAN  
EFFECTIVE AS OF JUNE 15, 2001

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CERTEGY INC.  
DEFERRED COMPENSATION PLAN

Effective as of June 15, 2001

ARTICLE I. ESTABLISHMENT AND PURPOSE

1.1 Establishment of Plan. Certegy Inc. (the "Company") does hereby adopt the Certegy Inc. Deferred Compensation Plan (the "Plan") effective as of the date it was approved by the Company's Board of Directors, June 15, 2001.

The Plan is an unfunded plan of deferred compensation for a select group of management or highly compensated employees. The Plan, therefore, is intended to be exempt from the participation, vesting, funding, and fiduciary requirements of Title I of the Employee Retirement Income Security Act of 1974.

1.2 Purpose of Plan. The purpose of the Plan is to provide Non-Employee Directors with an effective means of deferring all or a portion of retainer fees and meeting fees they are entitled to receive, and to provide certain Employees a means of continued deferral of certain Transferred Benefits from the Equifax Inc. Deferred Compensation Plan.

1.3 Applicability of Plan. The provisions of this Plan are applicable only to

- (a) Employees who have Transferred Benefits; and
- (b) individuals who are serving as Non-Employee Directors of the Company.

ARTICLE II. DEFINITIONS

Whenever used in this Plan, the following terms shall have the meanings set forth below unless otherwise expressly provided. When the defined meaning is intended, the term is capitalized. The definition of any term in the singular shall also include the plural, whichever is appropriate in the context.

2.1 "Account" means the bookkeeping account maintained for each Participant that represents the Participant's total interest under the Plan as of any Valuation Date. An Account shall consist of the sum of the Participant's Transferred Benefits or the deferrals of Director Fees credited pursuant to section 4.1, plus any gains and losses credited on these amounts. A Participant shall have a fully vested and nonforfeitable interest at all times in his or her Account.

2.2 "Affiliate" means any corporation, association, joint venture, proprietorship, or partnership while it is connected with the Company through stock

ownership, common control, membership in an affiliated service group, or otherwise within the meaning of Code section 414(b), (c), (m), or (o).

2.3 "Beneficiary" means the person or persons designated by the Participant to receive any benefits payable on behalf of the Participant after his or her death. Each Participant shall designate his or her Beneficiary (or change this designation) at a time and in a manner specified by the Committee. If no person is designated as a Beneficiary, if a designation is revoked, or if no designated Beneficiary survives the Participant, the Beneficiary shall be the Participant's estate.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Code" means the Internal Revenue Code of 1986, as amended, or as it may be amended from time to time.

2.6 "Committee" means the committee appointed by the Board to administer the Plan.

2.7 "Company" means Certegy Inc. or any successor thereto.

2.8 "Director Fees" mean the annual retainer and any meeting fees paid by the Company to a Non-Employee Director for duties performed as a member of the Board.

2.9 "Distribution Date" means the date of the distribution of the Company's common stock by Equifax Inc. to the shareholders of Equifax Inc.

2.10 "Employee" means any person who is employed by an Employer.

2.11 "Employer" means the Company and any Affiliate that elects to become a party to the Plan with the approval of the Company.

2.12 "Entry Date" means January 1, April 1, July 1, or October 1.

2.13 "Equifax Plan" means the Equifax Inc. Deferred Compensation Plan, from which certain Participants received Transferred Benefits.

2.14 "Financial Hardship" means a severe financial hardship resulting from a sudden and unexpected illness or accident of the Participant or one of his or her dependents, loss of the Participant's property due to casualty, or other similar unforeseeable circumstance arising from events that are beyond the control of the Participant. The existence of a Financial Hardship shall be determined by the Committee in a manner consistent with Treasury regulations and rulings of the Internal Revenue Service. The Committee's decision with respect to the existence of a Financial Hardship shall be final and binding.

2.15 "Investment Fund" means any fund designated by the Committee as an investment medium for the deemed investment of a Participant's Account. There shall be--

(a) a Prime Rate Fund, which shall have earnings based on the prime lending rate (determined as of the first day of each month) as reported in the Wall Street Journal; and

(b) a Certegy Inc. Common Stock Fund. The Committee shall have the discretion to establish and terminate Investment Funds as it may deem appropriate.

2.16 "Non-Employee Director" means a member of the Board who is not an Employee of the Company.

2.17 "Participant" means an individual who has met and continues to meet the eligibility requirements described in section 3.1.

2.18 "Plan" means this Certegy Inc. Deferred Compensation Plan, as it may be amended from time to time.

2.19 "Plan Year" means the calendar year; provided, however, there shall be a short first plan year corresponding to the short fiscal year of the Company ending December 31, 2001.

2.20 "Termination of Service" means--

(a) for an Employee, a separation from employment with the Company and its Affiliates; and

(b) for a Non-Employee Director, the date on which such individual ceases to be a member of the Board.

2.21 "Transferred Benefits" means the amount transferred to this Plan from the Equifax Plan as provided in Section 3.1.

2.22 "Valuation Date" means the last business day of each Plan Year and any other date that the Committee selects in its sole discretion for the revaluation and adjustment of Accounts.

#### ARTICLE III. ELIGIBILITY AND PARTICIPATION

3.1 Eligibility. An individual shall be eligible to participate in this Plan if he or she--

(a) is a Non-Employee Director; or

(b) is an Employee who is a member of a select group of management or highly compensated Employees, who as of the Distribution Date, has an account balance in the Equifax Plan and consents in writing to the substitution of Certegy Inc. for Equifax Inc. as the obligor with respect to the liabilities under the Equifax Plan. The amount credited to the Participant's account under the Equifax Plan immediately prior to the Distribution Date shall be transferred to and constitute the beginning balance of the Participant's account in this Plan (the "Transferred Benefits").

### 3.2 Participation.

#### (a) Commencement of Participation.

(1) Non-Employee Directors. A Non-Employee Director shall be eligible to become a Participant as of the earlier of--

(A) the day after the Distribution Date; or

(B) the Entry Date next following the date on which he or she first becomes a Non-Employee Director.

(2) Employees. An Employee with Transferred Benefits shall become a Participant in this Plan as of the day after the Distribution Date.

(b) Duration of Participation. A Participant shall continue to be an active Participant until he or she ceases to meet the eligibility requirements under section 3.1 or revokes a deferral election under section 4.1(b). Thereafter, he or she shall be an inactive Participant and shall retain all the rights described under this Plan.

## ARTICLE IV. CONTRIBUTIONS

### 4.1 Deferrals.

#### (a) Election of Deferral.

(1) General Rule. Prior to the first day of each Plan Year, a Non-Employee Director may elect, by executing a Deferral Election Form in accordance with the procedures prescribed by the Committee, to defer up to 100 percent (in 1 percent increments or a specified dollar amount) of the Director Fees that would otherwise be payable to the Non-Employee Director for the Plan Year. In accordance with procedures established by the Committee, a Non-Employee Director may make separate deferral elections under with respect to retainer fees and meeting fees.

(2) New Participants. In the case of a deferral election which becomes effective on a date other than the first day of a Plan Year, the election

shall relate only to Director Fees which have not yet been earned as of the Participant's Entry Date; or

(3) Allocation to Accounts. Each deferral of Director Fees under this section 4.1 shall be credited to the Participant's Account as of the date when the amount deferred would have been paid to the Participant.

(b) Revocation of Election. After the beginning of a Plan Year, a Participant may not increase, decrease, or revoke the amount of Director Fees deferred for that Plan Year.

(c) Default Elections. If an individual participates under the Plan for a given Plan Year, but does not file a timely election form for the next Plan Year, such individual shall be deemed to elect for the next Plan Year the same deferrals of Director Fees elected for the prior Plan Year.

#### ARTICLE V. PARTICIPANTS' ACCOUNTS

##### 5.1 Investment of Accounts.

(a) Investment of Deferrals. For each Plan Year, each Participant shall elect in writing to deem to have the deferrals made on his or her behalf invested in any one or more of the Investment Funds in 10 percent increments. A Participant may change his or her deemed investment elections with respect to future deferrals as of any January 1. The Participant shall make or change an election of Investment Funds by giving notice to the Committee at a time and in a manner specified by the Committee.

(b) Transferred Benefits. Any portion of the Transferred Benefits that was invested in the Equifax Plan's prime rate fund immediately prior to the Distribution Date shall be initially invested in the Prime Rate Fund. The remaining value of the Transferred Benefits shall be initially invested in the Certegy Inc. Common Stock Fund.

##### (c) Investment Transfers.

(1) General Rule. Except as otherwise provided in paragraph (2) below, each Participant may elect as of any January 1 to have the amounts that are deemed invested in any one or more of the Investment Funds transferred to any one or more of the other Investment Funds in increments of 10 percent.

(2) Section 16 Participants. Each Participant who is subject to the reporting and short-swing profit recovery rules of section 16 of the Securities Exchange Act of 1934 may not transfer previously deferred amounts into or out of the Certegy Inc. Common Stock Fund.



(3) Election Procedures. A Participant shall make an election to transfer among Investment Funds under this subsection (b) by giving notice to the Committee at a time and manner specified by the Committee.

(d) Committee Discretion. Notwithstanding any provision in this section 5.1 to the contrary, the Committee, in its sole and absolute discretion, may disregard the Participant's investment elections and deem the Participant's Account to be invested in any manner it chooses. If the Committee deems the Participant's Account to be invested in a manner other than that elected by the Participant under subsections (a) and (b), it shall notify the Participant in advance of its deemed investment selection. The Company shall incur no liability on account of its selection of deemed investments or on account of the performance of those investments.

#### 5.2 Valuation of Accounts.

(a) Allocation of Earnings and Losses. A Participant's Account shall be adjusted as of each Valuation Date to reflect any gains or losses that would have been credited or debited to the Account if it had actually been invested in the manner described in section 5.1. Amounts paid from Accounts between these dates will be credited or charged for any investment gains or losses since the last Valuation Date.

(b) Charges Against Account. Any payments made to a Participant or Beneficiary under Article VI shall be charged against the Participant's Account.

5.3 Financing. The benefits under this Plan shall be paid out of the general assets of the Employer, except to the extent they are paid from the assets of a grantor trust established by an Employer to pay these benefits. Whether to establish such a trust is a matter that is within the sole and absolute discretion of the Employer.

5.4 Unsecured Interest. No Participant shall have any interest whatsoever in any specific asset of the Employer. To the extent that any person acquires a right to receive payments under this Plan, this right shall be no greater than the right of any unsecured general creditor of the Employer.

5.5 Nontransferability. In no event shall an Employer make any payment under this Plan to any assignee or creditor of a Participant or Beneficiary. Prior to the time of payment hereunder, no Participant or Beneficiary shall have any right by way of anticipation or otherwise to assign or otherwise dispose of any interest under this Plan, nor shall rights be assigned or transferred by operation of law.

ARTICLE VI. PAYMENT OF ACCOUNTS

6.1 Payments to Participant.

(a) Commencement of Payments. Payment of a Participant's Account shall begin within 90 days after the date determined under section 6.2(a).

(b) Form of Payments. All amounts payable to a Participant shall be distributed in cash in a single sum or in a series of installments, as provided under section 6.2(b).

6.2 Distribution Elections.

(a) Time of Payment.

(1) General Rule. Upon making the initial deferral election under section 4.1, the Participant shall also designate the date on which payments from his or her Account shall begin. A Participant may elect initially to have payments begin as of:

(A) a date specified by the Participant which must be at least one year after the end of the Plan Year for which the initial deferral is made; or

(B) the date of the Participant's Termination of Service.

For Participants with Transferred Benefits, the initial election under this paragraph (1)(A) shall be the last election that was in effect under the Equifax Plan.

(2) Second Election. If a Participant makes an initial election under paragraph (1)(A), he or she may then elect, with respect to deferrals made after that date, to have payments begin as of:

(A) a date specified by the Participant which must be at least one year after the end of the Plan Year containing the date specified under paragraph (1)(A); or

(B) the date of the Participant's Termination of Service.

(3) Administrative Rules. If a Participant specifies a date other than Termination of Service for the distribution of his or her Account, but incurs a Termination of Service or dies before such date, payments shall begin as soon as practicable following such earlier Termination of Service or death.

If a Participant specifies a distribution date which precedes his or her Termination of Service, the amount distributable shall equal the Account

as of such specified date. Deferrals made under section 4.1 after such specified date or dates shall be payable upon the Participant's Termination of Service.

(4) Financial Hardship. A Participant may withdraw all or part of his or her Account before the distribution date specified in paragraph (1) or (2) above in the event of a Financial Hardship. A withdrawal under this paragraph (4) shall not exceed the amount necessary to satisfy the Financial Hardship. A Participant may request a hardship withdrawal in accordance with procedures established by the Committee.

A Participant who is subject to the reporting and short-swing profit rules of section 16 of the Securities Exchange Act of 1934 may not make a withdrawal under this paragraph (4).

(b) Form of Payment.

(1) General Rule. At the time a Participant makes his or her initial deferral election under section 4.1, the Participant shall separately elect the manner in which his or her Account shall be paid--

(A) to the Participant, upon the date determined under subsection (a)(1); and

(B) to his or her Beneficiary, upon the Participant's death prior to the complete distribution of his or her Account.

Additionally, a Participant who makes a second payment election under subsection (a)(2) shall be permitted to make a payment form election at the same time he or she makes the second election under subsection (a)(2).

The Participant may choose to have the Account paid either in a lump sum (within 90 days of the distribution date determined under subsection (a)) or in a series of annual installments over a fixed number of years (not to exceed ten years).

(2) Limitation on Elections. A Participant shall be permitted to elect a different payment form for amounts that are distributable as of different payment dates under subsection (a).

(3) Transferred Benefits. A Participant who has Transferred Benefits will be deemed to have elected the form of payment that was elected by such Participant under the Equifax Plan, provided that such election will only be given effect if payments have not yet commenced and if the election was made in writing at least 12 months prior to the commencement of payment of the Transferred Benefits. In the event that

the Participant has made more than one such election, the most recent election filed with the plan administrator but no more than 12 months prior to the date payments are to commence will control.

(c) Discretion of Committee. Notwithstanding a Participant's election of the time or form of payment for his or her Account, the Committee may direct, in its sole and absolute discretion, that the Account shall be distributed in any time, and/or in any form, permitted under subsection (a) or (b).

### 6.3 Payments to Beneficiary.

(a) Commencement of Payments. If a Participant dies before his or her Account has been completely distributed, the remaining balance shall be paid to the Participant's Beneficiary beginning within 90 days after the Participant's death.

(b) Form of Payments. Payments to the Beneficiary shall be made in a single sum or in a series of installments, as provided under section 6.2.

(c) Death of Participant and Beneficiary. If the Participant and Beneficiary both die before the Participant's Account has been completely distributed, these remaining benefits shall be paid as follows.

(1) If the Beneficiary dies before the Participant, the balance of the Participant's Account shall be paid to the Participant's estate in a single sum.

(2) If the Beneficiary dies after the Participant, the balance of the Account shall be paid to the Beneficiary's estate in a single sum.

## ARTICLE VII. ADMINISTRATION

7.1 Administration. The Plan shall be administered by the Committee. A majority of the members of the Committee at the time in office shall constitute a quorum for the transaction of business. All resolutions and other actions taken by the Committee at any meeting shall be by a majority vote of those present at the meeting. Upon the unanimous concurrence in writing of all Committee members, action of the Committee may be taken other than at a meeting.

The Committee shall have all powers necessary or appropriate to carry out the provisions of the Plan. It may, from time to time, establish rules for the administration of the Plan and the transaction of the Plan's business.

The Committee shall have the exclusive right to make any finding of fact necessary or appropriate for any purpose under the Plan including, but not limited to, the determination of eligibility for and amount of any benefit.

The Committee shall have the exclusive right to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan or in connection with its administration, including, without limitation, the right to remedy or resolve possible ambiguities, inconsistencies, or omissions by general rule or particular decision, all in its sole and absolute discretion.

All findings of fact, determinations, interpretations, and decisions of the Committee shall be conclusive and binding upon all persons having or claiming to have any interest or right under the Plan and shall be given the maximum possible deference allowed by law.

7.2 Appeals from Denial of Claims. If any claim for benefits under the Plan is wholly or partially denied, the claimant shall be given notice in writing of the denial. This notice shall be in writing, within a reasonable period of time after receipt of the claim by the Committee. This period shall not exceed 90 days after receipt of the claim, except that if special circumstances require an extension of time, written notice of the extension shall be furnished to the claimant, and an additional 90 days will be considered reasonable.

This notice shall be written in a manner calculated to be understood by the claimant and shall set forth the following information:

- (a) the specific reasons for the denial;
- (b) specific reference to the Plan provisions on which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why this material or information is necessary;
- (d) an explanation that a full and fair review by the Committee of the decision denying the claim may be requested by the claimant or an authorized representative by filing with the Committee, within 60 days after the notice has been received, a written request for the review; and
- (e) if this request is so filed, an explanation that the claimant or an authorized representative may review pertinent documents and submit issues and comments in writing within the same 60-day period specified in subsection (d).

The decision of the Committee upon review shall be made promptly, and not later than 60 days after the Committee's receipt of the request for review, unless special circumstances require extension of time for processing. In this case the claimant shall be so notified, and a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If the claim is denied, wholly or in part, the claimant shall be given a copy of the decision promptly. The decision shall be in writing, shall include specific reasons for the denial, shall include specific references to the pertinent Plan provisions on which the denial is based, and shall be written in a manner calculated to be understood by the claimant.

7.3 Tax Withholding. The Employer may withhold from any payment under this Plan any federal, state, or local taxes required by law to be withheld with respect to the payment and any sum the Employer may reasonably estimate as necessary to cover any taxes for which they may be liable and that may be assessed with regard to the payment.

7.4 Expenses. All expenses incurred in the administration of the Plan shall be paid by the Employer.

ARTICLE VIII. ADOPTION OF THE PLAN BY AFFILIATE;

8.1 Adoption of the Plan by Affiliate. An Affiliate may adopt the Plan by appropriate action of its board of directors or authorized officers or representatives, subject to the approval of the Board.

8.2 Amendment and Termination. The Company hereby reserves the right to amend, modify, or terminate the Plan at any time, and for any reason, by action of the Board. However, no amendment or termination shall adversely affect benefits accrued prior to the date of the amendment or termination.

ARTICLE IX. MISCELLANEOUS PROVISIONS

9.1 No Contract of Employment. Nothing contained in the Plan shall be construed to give any Participant the right to be retained in the service of an Employer or to interfere with the right of an Employer to discharge a Participant at any time.

9.2 Severability. If any provision of this Plan shall be held illegal or invalid, the illegality or invalidity shall not affect its remaining parts. The Plan shall be construed and enforced as if it did not contain the illegal or invalid provision.

9.3 Applicable Law. Except to the extent preempted by applicable federal law, this Plan shall be governed by and construed in accordance with the laws of the state of Georgia.

\* \* \* \* \*

IN WITNESS WHEREOF, CERTEGY INC. has caused this instrument to be executed by its duly authorized officer, effective as of the date specified above.

CERTEGY INC.

By: /s/ Richard D. Gapen  
-----

Title: Corporate Vice President of Human Resources

ATTEST:

By: /s/ Bruce S. Richards  
-----

Title: Corporate Vice President, General Counsel and Secretary

EQUIFAX INC.  
PERFORMANCE INCENTIVE PLAN (PIP)

## I. PURPOSE

The Equifax Inc. Performance Incentive Compensation Plan rewards eligible employees for their contribution toward the success of the Corporation. The purpose of the Plan is to encourage and reward the attainment of established annual individual and business goals.

## II. DEFINITIONS

The following words and phrases used in the Plan shall have these meanings:

- "Change in Control" ("CIC") for purposes of this document, a "Change in Control" means the occurrence of any of the following events during the period in which this Letter remains in effect:
  - Voting Stock Accumulations. The accumulation by any of the Beneficial Ownership of 20% or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this paragraph, a Change in Control will not be deemed to have occurred if the accumulation of 20% or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (a) directly from the Company that is approved by the Incumbent Board, (b) by the Company, (c) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (d) by any Person pursuant to a Business Combination that complies with clauses (a), (b) and (c) of the following paragraph;
  - Business Combinations. Consummation of a Business Combination, unless immediately following that Business Combination, (a) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (b) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Subsidiary or that entity resulting from that Business Combination) beneficially owns directly or indirectly, 20% or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (c) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the



execution of the initial agreement or of the action of the Board providing for that Business Combination; or

- Liquidation or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with clauses (a), (b) and (c) of the preceding paragraph;

For purposes of this paragraph, the following definitions will apply:

"Beneficial Ownership" means a beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

"Business Combination" means a reorganization, merger or consolidation, or a sale or other disposition of all or substantially all of the assets of the Company.

"Exchange Act" means the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

"Incumbent Board" means a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of the date of this Letter or (b) members who become members of the Company's Board of Directors subsequent to the date of this Letter whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

"Person" means any individual, entity or group (within the meaning of Section 13 (d)(3) or 14 (d)(2) of the Exchange Act).

"Subsidiary" means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding Voting Stock.

"Voting Stock" means the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board of Directors.

- "Committee" means the Chairman of the Executive Committee, the Chief Executive Officer, and the CVP and CAO of Equifax Inc. In addition, the Chief Financial Officer of the corporation shall serve as an ex officio member.
- "Corporation" means the amalgam of all divisions and companies, domestic and foreign, including equity accounting entities consolidated with Equifax Inc. for financial reporting purposes.

- "Employee" means any salaried employee of the Corporation who qualifies for participation in the Plan.
- "EPS" - Earnings Per Share" means the net income per share of stock after taxes for Equifax Inc. on a consolidated basis. In the event extraordinary transactions occur during a plan year which impact EPS, the Management Compensation Committee of the Board of Directors of Equifax Inc. approves adjustments to EPS for the Executive Incentive Plan, similar adjustments will apply to this Plan..
- "EVA" "Economic Value Added" means the net income after taxes less the charge for employed capital.
- "Equifax Inc." means the corporate entity.
- "Incentive Year" means the 12 month period from January 1 through December 31, coinciding with the calendar year and the fiscal year of Equifax Inc.
- "Operating Profit" means the revenue less operating expense (including amortization of goodwill and other intangibles related to acquisitions) in the Company's monthly Consolidated Financial Report, excluding unbudgeted acquisitions.
- "Plan" means the Equifax Inc. Incentive Compensation Plan for Executive Management.
- "Revenue" means the amount of the Company's monthly Consolidated Financial Report, excluding unbudgeted acquisitions.
- "Salary" means the base salary earnings of each participant for the calendar year or that portion of the calendar year for which the participant is eligible.

### III. ADMINISTRATION

The Plan shall be administered by the Compensation Department, consistent with guidelines established by the Committee. The Plan shall be construed and administered in accordance with the laws of the State of Georgia.

### IV. ELIGIBILITY FOR PARTICIPATION

Employees eligible to participate in the ICP are those salaried employees that do not participate in any other incentive plan.

Participants (salary levels 65-75 and the Executive Levels) must be in the Plan for at least 3 months to be eligible for incentive at the end of the Incentive Year. Salary levels <= 64 must have completed one year of service prior to the end of the Incentive Year.

Eligibility is also extended to employees in this group at the beginning of the Incentive Year but who were changed to another non-eligible status and continued employment in the latter status through the Incentive Year, or those entering the eligible group during the year. In either event, their incentive will be calculated only on Salary for that portion of the year they were eligible.

Participants who leave the company following three months of participation for military service during the incentive period; who, with the consent of the corporation, retire after reaching age 50 and 25 years of credited service or age 55 and 5 years of credited service during the incentive period; who die or are

forced to leave because of disability or job elimination during the incentive period; are also eligible for participation. If a participant terminated for any other reason, no award is payable under the plan.

A participant in one of these situations receives a prorated portion of his or her incentive award at target levels at the end of the incentive period in which the termination occurs. The prorated award is paid within 60 days of termination. If a participant's employment terminates between the end of a performance period and the award payment date for that period for any reason other than an immediately dismissable offense, the full award for the period will be paid.

If a participant's employment is terminated during this period for any immediately dismissable offense, no award will be paid, unless otherwise required by law.

If a participant terminates employment prior to the delivery of any incentive payment earned to accept employment with an Equifax competitor, or to independently compete with Equifax, no award will be paid.

#### V. DETERMINATION OF AWARDS

For each fiscal year, the Committee will establish minimum financial goals (i.e., EPS, EVA, Profit etc.) for the Corporation for Plan purposes. If the Corporation fails to meet these minimum goals for the year then the Committee may, in its sole discretion, authorize incentive payments to any, all, or none of the participants in the Plan based on such considerations as the Committee deems appropriate.

If the Corporation does meet the minimum goals for the year, incentive awards will be determined on the basis of actual performance during the Incentive Year as compared with the established goals, as described below, and as indicated on the attachment to this Plan.

- The Committee shall establish the threshold level of Corporate Performance, as well as the Corporate level performance necessary for maximum incentive award, for each participant.
- The threshold level of the group/business unit goals applicable to participants shall be based on the annual business plan and other relevant data.
- Individual performance goals will be established by the appropriate management authority for each participant.
- The Committee will approve the relative weighting of the above-mentioned goals for each participant.
- A threshold incentive award and a maximum incentive award shall be established for each participant, expressed in terms of a percentage of that participant's salary for the Incentive Year.

Individual incentive awards will be deemed earned based upon the degree to which all established goals are attained for the Incentive Year. Any interpolation between designated award levels for the Plan Year. In the event a participant is rated "below full attainment" on his individual performance goals, no incentive payment is awarded except at the discretion of the appropriate management authority.

Eligible employees transferred into or out of organizational entities covered by this Plan will be paid incentive for the months in the specific unit. Those employees eligible for participation for a portion of the year will receive an award applicable only to the Salary for that portion of the year eligible under this Plan.

Eligible earnings include base salary and overtime only. Transfer reimbursements, relocation pay, station allowance, severance, and payments made as vacation pay in lieu of time off to retirees and those leaving the company for military service or health disability are excluded from the incentive calculation. Salary received while on Salary Continuance is considered eligible for incentive pay calculations.

VI. PAYMENT OF AWARDS

Awards will normally be paid to eligible participants as soon as possible following the close of the Plan Year.

VII. LIMITATIONS

The Committee is the final authority for administration and interpretation of this Plan and each determination by the Committee shall be binding and conclusive for all purposes.

No individual (or an individual's personal representative) who, during the course of an Incentive Year, leaves active employment with the Corporation for any reason other than retirement, military service, death, disability, or job elimination shall presume any claim or right to be granted an award under this Plan for any part of that year.

If at any time prior to the payment of an incentive award for a plan year the Committee determines that a participant has committed an act of fraud or dishonesty with respect to the Corporation, such participants shall forfeit any incentive award to which he otherwise may have been entitled.

VIII. TERM OF THE PLAN

The Plan shall continue from year to year at the discretion of the Committee. In keeping with its purposes, the Committee will review the Plan annually and will consider any modifications which are consistent with the objectives of the Plan and the financial condition of the Corporation.

IX. EFFECTIVE DATE

This Plan, as amended and restated, shall become effective for the 1999 plan year.

X. AMENDMENTS

The Committee may amend, suspend or terminate this Plan at any time.

2002 CERTEGY INC.  
ANNUAL INCENTIVE PLAN

1. PURPOSE

The Certegy Inc. Annual Incentive Plan (the "Plan") rewards eligible employees for their contribution toward the success of Certegy Inc. (the "Company"). The purpose of the Plan is to encourage and reward the attainment of established annual individual and business goals.

2. DEFINITIONS

The following words and phrases used in the Plan shall have these meanings:

- "Change in Control" A "Change in Control" shall be deemed to have occurred upon the occurrence of any of the following events:
  - Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of 20% or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this paragraph, a Change in Control will not be deemed to have occurred if the accumulation of 20% or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (a) directly from the Company that is approved by the Incumbent Board, (b) by the Company, (c) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (d) by any Person pursuant to a Business Combination that complies with clauses (a), (b) and (c) of the following paragraph;
  - Business Combinations. Consummation of a Business Combination, unless immediately following that Business Combination, (a) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66 2/3 %) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (b) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns directly or indirectly, 20% or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (c) at least a majority of the members

of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the action of the Board of Directors providing for that Business Combination; or

- Liquidation or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with clauses (a), (b) and (c) of the preceding paragraph; or
- Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company.

For purposes of this paragraph, the following definitions will apply:

"Beneficial Ownership" means a beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

"Business Combination" means a reorganization, merger or consolidation, or a sale or other disposition of all or substantially all of the assets of the Company.

"Exchange Act" means the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

"Eighty Percent (80%) Subsidiary" means an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

"Incumbent Board" means a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of January 1, 2000 or (b) members who become members of the Company's Board of Directors subsequent to January 1, 2000 whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

"Person" means any individual, entity or group (within the meaning of Section 13 (d)(3) or 14 (d)(2) of the Exchange Act).

"Voting Stock" means the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board of Directors.

- "Committee" means the Certegy Inc. Compensation and Human Resources Committee of the Board, or any successor committee to which the responsibilities of that Committee are assigned.
- "Company" means Certegy Inc.
- "Common Shares" means the Common Shares, par value .01 per share, of the Company or any security into which such Common Shares may be converted.
- "Participant" means any salaried employee or officer of an Employer who qualifies for participation in the Plan.
- "Employer" shall mean the Company or a subsidiary or affiliate by whom the Participant is employed.
- "Incentive Year" means the 12 month period from January 1 through December 31, coinciding with the calendar year and the fiscal year of the Company.
- "Option Right" means the right to purchase Common Shares upon exercise of an option granted pursuant to an election made under Section 6(a) of this Plan, subject to the terms and conditions of the Certegy Inc. 2001 Stock Incentive Plan.
- "Plan" means the Certegy Inc. Annual Incentive Plan
- "Plan Objectives" shall mean specified levels of, or growth in, one or more of the following criteria:
  1. earnings per share;
  2. economic value added;
  3. revenue;
  4. operating profit;
  5. net income;
  6. total return to shareholders;
  7. cash flow/net assets ratio;
  8. debt/capital ratio;
  9. return on total capital;
  10. return on equity; and
  11. common stock price.

If the Committee makes an award subject to a particular Plan Objective, the Committee shall adopt or confirm a written definition of that Plan Objective at the time of the award. Plan Objectives may be described in terms of Company-wide objectives or objectives that are related to a specific division, subsidiary, Employer, department, region, or function in which the Participant is employed. Plan Objectives may be made relative to the performance of other corporations.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Plan Objectives unsuitable, the Committee may in its discretion modify such Plan Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable.

- "Restricted Shares" means Common Shares granted as a consequence of Section 5(e) or pursuant to an election made under Section 6(b) of this Plan, subject to the terms and conditions of the Certegy Inc. 2001 Stock Incentive Plan.
- "Salary" means the base salary and overtime earnings of each Participant for the Incentive Year or that portion of the Incentive Year for which the Participant is eligible. Transfer reimbursements, relocation pay, station allowance, severance, and payments made as vacation pay in lieu of time off to retirees and those leaving the company for military service or health disability are excluded from Salary for purposes of this Plan. Salary received while on Salary Continuance is considered to be Salary for purposes of this Plan.

### 3. ADMINISTRATION

(a) The Committee, in its discretion, may delegate to one or more officers or committees of the Company, or to the Company's compensation department, all or part of the Committee's authority and duties with respect to Participants who are not executive officers of the Company or other officers designated by the Committee. In the event of such delegation, and as to matters encompassed by the delegation, references in the Plan to the "Committee" shall be interpreted as a reference to the Committee's delegate or delegates. The Committee may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Committee's delegate or delegates that were consistent with the terms of the Plan.

(b) Any Option Right or Restricted Share elections under Section 6 will be specifically approved by the Committee for awards to Participants designated under Section 6.

(c) The interpretation and construction by the Committee of any provision of this Plan, and any determination by the Committee pursuant to any provision of this Plan, shall be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith.

(d) The Plan shall be construed and administered in accordance with the laws of the State of Georgia.



4. ELIGIBILITY FOR PARTICIPATION

(a) Subject to the eligibility criteria set forth below, all salaried Participants are eligible to participate in the Plan.

(b) Participants at salary levels 65-75 and Executive Levels must have completed at least 3 months of service in the Incentive Year with the Employer to be eligible for an award at the end of the Incentive Year.

(c) A Participant who meets the criteria of subsection (b) above will also be eligible if such Participant was employed by the Employer in an eligible status at the beginning of the Incentive Year but was converted to a non-eligible status and continued employment in the non-eligible status through the Incentive Year, or if the Participant was employed by the Employer in a non-eligible status at the beginning of the Incentive Year but was converted to an eligible status and continued employment through the Incentive Year,. In either event, the applicable award will be calculated only on Salary for that portion of the year during which the Participant was in an eligible status.

(d) (i) Participants who leave the Employer prior to the end of an Incentive Year on any of the following conditions will nonetheless be eligible for a pro-rated award under the Plan: (A) Participants who, following at least three months of service, go onto active duty military service during the Incentive Year; (B) Participants who, with the consent of the Employer, retire after reaching age 65, age 50 with 25 years of credited service, or age 55 with 5 years of credited service, during the Incentive Year; (C) Participants who die during the Incentive Year; (D) Participants who terminate employment because of disability during the Incentive Year; and (E) Participants who are forced to terminate employment because of job elimination during the Incentive Year and who were not offered employment by a company that is coordinated through Certegy.

(ii) A Participant who leaves the Employer under one of these situations described in subsection (d)(i) will receive a pro-rated portion of his or her award normally within 60 days after the end of the Incentive Year in which termination occurs.

(e) If a Participant's most recent performance review in the Incentive Year is rated "Below Expectations", then the Participant will not be entitled to any award under the Plan.

(f) If a Participant is terminated, or otherwise leaves the employment of the Employer, prior to the end of the Incentive Year, and prior to actual payment of the award, for any reason other than those set forth in subsection (i) above, then the Participant will not be entitled to any award under the Plan.

(g) Notwithstanding anything else contained in this Agreement to the contrary, if a Change in Control occurs during an Incentive Year, each eligible Employee will be entitled to receive an award for that Incentive Year which is the greater of (i) the target award for that Incentive Year, or (ii) the projected results compared to Plan targets at the time of the Change in Control, calculated on the basis of compensation earned as of the effective date of the Change in Control.

5. DETERMINATION OF AWARDS

(a) For each Incentive Year, the Committee will establish Plan Objectives for the Company and/or the Employer for Plan purposes. If the Company or the Employer (as applicable) fails to meet these Plan Objectives for the Incentive Year, then the Committee may, in its sole discretion, authorize incentive awards to any, all, or none of the Participants in the Plan based on such considerations as the Committee deems appropriate.

(b) If the Company or the Employer (as Applicable) meets the Plan Objectives for the Incentive Year, then individual incentive awards will be determined on the basis of actual performance during the Incentive Year as compared with certain pre-established goals, including the following:

- The Committee shall establish the threshold level of Company Performance, as well as the Corporate level performance necessary for maximum incentive award, for each Participant.
- The threshold level of the group/business unit goals applicable to Participants shall be based on the annual business plan and other relevant data.
- Individual performance goals will be established by the appropriate management authority for each Participant.
- The Committee will approve the relative weighting of the above-mentioned goals for each Participant.
- A threshold incentive award and a maximum incentive award shall be established for each Participant, expressed in terms of a percentage of that Participant's Salary for the Incentive Year.

(c) Individual incentive awards will be deemed earned based upon the degree to which all established goals are attained for the Incentive Year. If a Participant is rated "below expectation" on his or her individual performance goals, no incentive award will be made except at the discretion of the appropriate management authority.

(d) Participants who are transferred into or out of organizational entities covered by this Plan will be paid incentive for the months in the specific unit. Those Participants eligible for participation for a portion of the Incentive Year will receive an award applicable only to the Salary attributable to that portion of the Incentive Year during which they were eligible under this Plan.

(e) The Committee may designate a maximum amount of cash award under the Plan. If an award, determined on the basis of the criteria described above, would exceed that maximum, the difference will be paid in Restricted Shares granted under the Company's 2001 Stock Incentive Plan, at a value determined by the Committee.

6. CONVERSION OF AWARDS

(a) Eligible Participants, as determined by the Committee in its sole discretion, may request that they forego all or part of their award in exchange for an award of Option Rights. The election to make this request will be made by the Participant not later than a date each year specified by the Committee, but in no event to be later than the date when an award is earned. As an additional incentive for employees and officers to forego the potential receipt of a cash award, the Committee may approve from time to time a formula that includes an award premium based on the percentage of the award that is converted.

(b) Eligible Participants, as determined by the Committee in its sole discretion, may request that they forego all or part of their award in exchange for an award of Restricted Stock. The election to make this request will be made by the Participant not later than a date each year specified by the Committee, but in no event to be later than the date when an award is earned. As an additional incentive for employees and officers to forego the potential receipt of a cash award, the Committee may approve from time to time a formula that includes an award of additional incremental shares of Restricted Stock

7. PAYMENT OF AWARDS

Except to the extent that the Award is converted pursuant to Section 6, Awards will normally be paid to eligible participants as soon as practicable following the close of the Plan Year.

8. TERM OF THE PLAN

The Plan shall continue from year to year at the discretion of the Committee. In keeping with its purposes, the Committee will review the Plan annually and will consider any modifications which are consistent with the objectives of the Plan and the financial condition of the Company.

9. EFFECTIVE DATE

This Plan, as amended and restated, shall become effective upon the approval of this Plan by the Committee.

10. NO RIGHT TO CONTINUED EMPLOYMENT

This Plan creates no rights for continued employment on the part of any Participant, and it shall not interfere in any way with any right the Company or any Employer would otherwise have to terminate such Participant's employment or other service at any time.

11. AMENDMENTS

The Committee may amend, suspend or terminate this Plan at any time.

Year 2001 Stock Option Exchange Program  
 Terms and Conditions

- [ ] The election to defer is voluntary, must be made each year, and is irrevocable as of 3/9/01.
- [ ] Elections must be made in the form of a percentage of annual incentive awards earned, and if participating, may be in any amount between 10% and 100%, in whole 5% increments.
- [ ] Grants will be Certegy non-qualified stock options
- [ ] Options are immediately vested in full on the grant date.
- [ ] Grant date will be the date of the Certegy Compensation Committee (Committee) meeting in February 2002.
- [ ] Option price will be at fair market value at the close of the NYSE on the day of the Committee meeting.
- [ ] If appropriate, currency conversion rates will be established at the close of business on the day of the Committee meeting.
- [ ] Option term is 10 years:
  - Terminates 5 years following retirement, death, disability, or after termination (other than for cause) following a change in control of the granting Company (unless 10-year option term expires sooner);
  - Terminates one year following termination due to job elimination (unless 10-year option term expires sooner);
  - Terminates immediately following grantee's voluntary termination;
  - Terminates immediately following grantee's termination for cause;
  - Agreement to defer is void if termination occurs prior to Committee approval in February 2002.
- [ ] Option is non-transferable.

% of Cash Incentive Exchanged -----	Dollar Value of Stock Option Grant -----
10% -- 20%	6 x Cash Incentive Exchanged
25% -- 45%	8 x Cash Incentive Exchanged
50% -- 100%	10 x Cash Incentive Exchanged

Certegy 2002 Bonus Deferral Program  
Terms and Conditions

- [ ] Certegy full-time employees at or above a Vice President (or equivalent) salary level (SL 2) are eligible to participate in this program, and to subsequently defer a portion of their earned 2002 annual incentive award if their most recent performance review in 2002 rates them at an "Exceeds Expectations" level or higher.
- [ ] If an individual initially elects to defer under this program, but subsequently fails to receive the required performance rating of "Exceeds Expectations" or higher in 2002, no deferral under this program will be allowed, and any earned 2002 annual incentive award will be paid-out in cash.
- [ ] Eligible employees hired or promoted into an eligible level prior to the start of the 4th Q 2002 may participate in this program only if their completed election form is received at corporate headquarters no later than 30 days following their hire or promotion date. New hires in 2002 will be assumed to have an "Exceeds" performance rating for 2002.
- [ ] The annual election to defer under this program is completely voluntary and becomes irrevocable to the individual as of March 9, 2002. In the event of a Change of Control offer being received by the Company, all deferral elections for this program become subject to cancellation by Certegy's Board of Directors.
- [ ] Deferral elections must be made as a percentage of the earned annual incentive award, and may be made in any amount between 10% and 100%, in increments of 5%.
- [ ] Stock options granted under this program will be Certegy Inc. non-qualified stock options with an expiration date (for active employees) 10-years following the grant date. These options will be vested in full on the date of the grant.
- [ ] Grant date for options will be the date Certegy's Board of Directors approves 2002 earned bonuses (estimated: Jan - Feb 2003). The fair market value grant price for these options will be at the closing price of Certegy stock on the NYSE on the day bonuses are approved.
- [ ] As appropriate, foreign currency conversion rates will be established as published in the Wall Street Journal as of the close of business on the day the Board of Directors approve 2002 annual incentive awards and deferrals under this program.
- [ ] An election to defer under this program is void if a participant terminates employment (for any reason) prior to the date the Board approves 2002 annual incentive awards. Under these circumstances, if any earned bonus is due, it will be paid in cash.
- [ ] Stock options granted under this program are non-transferable

Certegy 2002 Bonus Deferral Program  
Terms and Conditions  
(continued)

[ ] Stock Option Expiration Provisions:

- Stock options expire five (5) years following retirement, death, disability, or after termination (other than for cause) following a Change in Control of the Company (unless 10-year option term expires sooner);
- Stock options expire one (1) year following termination if due to job elimination (unless 10-year option term expires sooner);
- Stock options expire at the close of business on the date of the grantee's voluntary termination;
- Stock options expire at the close of business on the date of the grantee's termination for cause.

[ ] Calculation used to determine the number of options to be granted under this program:

% of Annual Bonus Deferred -----	Multiplier times \$ Amount Deferred divided by Fair Market Value of Certegy Stock -----
10% -- 20%	6 times \$ amount deferred divided by fair market value of Certegy stock
25% -- 45%	8 times \$ amount deferred divided by fair market value of Certegy stock
50% -- 100%	10 times \$ amount deferred divided by fair market value of Certegy stock

CERTEGY INC.

OFFICERS' GROUP PERSONAL EXCESS LIABILITY COVERAGE

\$3,000,000

POLICY # GPE-248680426 WITH  
COLUMBIA CASUALTY COMPANY

SCOPE OF COVERAGE

This policy covers a wide range of personal liability exposures such as residences, autos, watercraft, recreational vehicles, pets, swimming pools, etc. This policy is a type of broad Personal Liability Policy available to an individual but does not cover professional liability, claims arising out of any business, use of aircraft, or other exclusions as defined in the policy.

PERSONS INSURED

The Certificate Holder and any relatives living in the same household, and any persons under the age of 25 in the care of any person insured under the policy. There is no age cutoff for children away at college, as long as they retain their parent's residence.

LIMITS

- a. \$3,000,000 excess of required primary insurance amounts shown on page 3.
- b. \$3,000,000 for those exposures not covered by primary insurance, but covered by the policy, a \$500 deductible applies to each loss (\$10,000 deductible in Texas, \$1,000 in North Carolina).

EXTENSIONS OF COVERAGE (Refer to policy for details)

- a. Coverage is worldwide.
- b. Incidental Business Pursuits only if endorsed to your homeowners policy (primary underlying coverage).
- c. In addition to owned, provides liability coverage for non-owned autos and watercraft, provided underlying insurance requirements are maintained.
- d. Coverage for your activities as an officer or director of a non-profit organization. Coverage is only provided relative to the insured perils covered under this policy (see item f.) only if you do not receive any pay.
- e. Affords coverage for damage to practically all property of others which the insured has in his care, custody or control, provided the insured has not agreed in writing to provide insurance.

- f. Covers a broad range of property damage and personal injury hazards such as bodily injury, libel, slander, false arrest, defamation of character, false imprisonment, wrongful eviction, wrongful detention, malicious prosecution or invasion of privacy.

EXTENSIONS OF COVERAGE (Continued)

- g. Provides coverage for defense costs. Defense costs are paid in addition to the policy limit.
- h. Other costs paid or reimbursed (subject to specific policy provisions):
  - Premiums on appeal bonds
  - Reimbursement for all premiums on bonds to release attachment
  - All costs taxed against an insured
  - Interest on judgments
  - Authorized expenses
  - Reimbursement of premiums for bail bonds

IMPORTANT EXCLUSIONS (Refer to policy for details)

- a. Bodily injury to any person eligible to receive benefits under any workers compensation, non-occupational disability, unemployment compensation or similar law.
- b. Damage to property owned by you, or persons insured under the same policy.
- c. Liability assumed by you or persons insured under any contract for property damage to property rented to, occupied by, used by, or in the care, custody or control of the insured to the extent that the insured has agreed in writing to provide insurance for this property.
- d. Intentional acts committed by you or an insured.
- e. Professional liability of any degree, which arises out of your providing or failing to provide professional services.
- f. Any claims arising out of ownership, maintenance or use of aircraft or hovercraft (unless the aircraft and crew are chartered by you.)
- g. Nuclear liability covered in whole or in part by a nuclear energy liability policy.
- h. Transmission or the threat of transmission of communicable sickness or disease.
- i. Coverage for watercraft you OWN unless you maintain primary insurance.
- j. Business activities engaged in by an insured except part-time jobs by students under the age of 25, rental to others of 1-4 family private residences and other incidental business activities with annual gross revenues of \$5,000 or less, or activities which are ordinarily incidental to non-business pursuits.
- k. Agricultural operations or the raising of animals unless the annual gross revenue is \$5, 000 or less.



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THIS IS A SUMMARY ONLY -- REFER TO THE POLICY FOR DETAILS  
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TYPE OF COVERAGE -----	REQUIRED PRIMARY INSURANCE COVERAGE AMOUNTS -----	APPLICABLE LIMITS -----
Homeowners Personal Liability	\$100,000	Combined single limit of liability for both Bodily Injury and Property Damage each occurrence.
Automobile, motorcycle and recreational vehicle (licensed for road use) Liability including uninsured/underinsured motorists liability*	\$250,000 \$500,000 and \$50,000 or \$300,000 (\$325,000 in Texas)	Bodily Injury, per person Bodily Injury, per accident Property Damage, per accident Combined single limit of liability for both Bodily Injury and Property Damage each accident.
Recreational vehicles designed for use off public roads and not subject to motor vehicle registration	\$100,000	Combined single limit of liability for both Bodily Injury and Property Damage each accident
Watercraft Liability*	\$100,000	Combined single limit of liability for both Bodily Injury and Property Damage each accident
Employers Liability**	\$100,000	Combined single limit of liability for both Bodily Injury and Property Damage each accident

CONTACTS / INFORMATION REGARDING THIS POLICY

-----  
Porter Hale  
AVP of Risk Management  
Certegey Inc.  
11720 Amberpark Drive Suite 600  
Alpharetta, GA 30004

Glenn Russo, Sr.  
Client Manager  
Seabury & Smith  
2 World Trade Center  
New York, NY 10048  
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\* If you do not own a car, or watercraft but borrow or rent one for 30 days or less, your Personal Umbrella Policy will provide coverage subject to a \$500 deductible (\$1,000 in North Carolina, \$10,000 in Texas.)

\*\* If you are required to provide Worker's Compensation Insurance for your personal employees, the limit for Section II of this coverage (Employers Liability) must be \$100,000

Financial/Tax Planning Services Program

Certegy Inc. provides each of its executive officers with the opportunity to receive \$15,000 of financial planning and tax preparation services through a nationally recognized financial planning firm.

## SELECTED FINANCIAL DATA

The table below summarizes selected historical financial data of Certegy Inc. for each of the last five years(1).

(In thousands, except per share amounts)	2001	2000	1999	1998	1997
Revenues .....	\$ 851,123	\$ 778,562	\$ 681,172	\$ 566,120	\$ 486,603
Operating expenses .....	699,704	631,403	553,687	462,829	407,462
Operating income .....	151,419	147,159	127,485	103,291	79,141
Other income (expense), net .....	78	1,309	2,311	(383)	(3,798)
Interest expense .....	(7,200)	(1,301)	(901)	(533)	(532)
Income before income taxes and minority interests ..	144,297	147,167	128,895	102,375	74,811
Provision for income taxes .....	(56,276)	(57,609)	(54,272)	(40,505)	(29,240)
Minority interests in earnings, net of tax .....	(945)	(1,096)	6	(780)	--
Net income .....	\$ 87,076	\$ 88,462	\$ 74,629	\$ 61,090	\$ 45,571
Basic earnings per share(2) .....	\$ 1.27	\$ 1.32	\$ 1.09	\$ 0.86	\$ 0.63
Diluted earnings per share(3) .....	\$ 1.26	\$ 1.30	\$ 1.07	\$ 0.85	\$ 0.62
Total assets .....	\$ 697,573	\$ 502,445	\$ 495,255	\$ 492,704	\$ 273,966
Long-term debt .....	\$ 230,000	\$ --	\$ --	\$ --	\$ --
Total shareholders' equity .....	\$ 211,865	\$ 323,618	\$ 271,490	\$ 348,793	\$ 152,223

(1) The historical income statement data for the year ended December 31, 1997 and the historical balance sheet data as of December 31, 1998 and 1997 are derived from unaudited consolidated financial statements that have been prepared by management.

(2) Prior to the spin-off, basic weighted average shares outstanding is computed by applying the distribution ratio of one share of Certegy common stock for every two shares of Equifax common stock held to the historical Equifax weighted average shares outstanding.

(3) Prior to the spin-off, diluted weighted average shares outstanding is estimated based on the dilutive effect of stock options calculated in the third quarter of 2001.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with "Item 6: Selected Financial Data," "Item 8: Financial Statements and Supplementary Data," and the "Pro Forma Consolidated Statements of Income" (Exhibit 99.2).

OVERVIEW

We provide credit and debit card processing and check risk management services to financial institutions and merchants throughout the world through two segments, Card Services and Check Services. Card Services provides card issuer services in the United States ("U.S."), the United Kingdom ("U.K."), Brazil, Chile, Australia, New Zealand, Ireland, France, and Spain. Additionally, Card Services provides merchant processing services in the U.S. and card issuer software, support and consulting services in numerous countries. Check Services provides check risk management services and related processing services in the U.S., the U.K., Canada, France, Ireland, Australia, and New Zealand.

Our card issuer services enable banks, credit unions, retailers, and others to issue Visa and MasterCard credit and debit cards, private label cards, and other electronic payment cards. Card issuer services also include e-banking services, which enable banks to provide electronic banking services to their customers, allowing them to compete for and retain customers more effectively, and to generate non-interest fee income. Our merchant processing services enable retailers and other businesses to accept credit, debit, and other electronic payment cards from purchasers of their goods and services. Card issuer software, support, and consulting services allow customers to manage their credit card programs.

Our check risk management services, which utilize our proprietary check authorization systems and risk assessment decision platforms, enable retailers, hotels, automotive dealers, telecommunications companies, supermarkets, casinos, mail order houses, and other businesses to minimize losses from dishonored checks, maximize check acceptance, and improve customer service. Our services include check guarantee, where we accept the risk of bad checks presented to our customers, verification services, where we determine the likelihood that a check will clear and our customer retains the risk, and certain combinations of guarantee and verification services. We also provide related service offerings, including risk management consulting and marketing services, which enable retailers to cross-sell and increase their customer retention.

SPIN-OFF FROM EQUIFAX

On July 7, 2001, the spin-off from Equifax Inc. ("Equifax") was completed by transferring the assets, liabilities, and stock of the businesses that comprised Equifax's Payment Services division to Certegy (the "Distribution"). For periods prior to the Distribution, the consolidated financial statements present our financial position, results of operations, and cash flows as derived from Equifax's historical financial statements. Included in these historical financial statements are certain Equifax corporate expenses that were allocated to us utilizing such factors as revenues, number of employees, and other relevant factors. We believe these allocations were made on a reasonable basis; however, we believe that, had we been operating on a full year stand-alone basis, we would have incurred additional expenses of approximately \$3.3 million in 2001 and approximately \$6.5 million in both 2000 and 1999. In conjunction with the Distribution, we incurred \$275 million of debt to fund a payment in that amount to Equifax. The historical financial statements do not include any allocation of Equifax corporate debt or related interest expense, as historically, these amounts were not allocated to the operating divisions by Equifax. We estimate our interest expense would have increased by \$8.4 million, \$21.7 million, and \$18.6 million in 2001, 2000, and 1999, respectively, had Equifax allocated interest expense to us on \$275 million of debt in the periods prior

to the Distribution. These amounts of interest are based on annual interest at a rate of LIBOR plus 100 basis points, which is our cost of borrowing under our existing revolving credit facilities.

#### COMPONENTS OF INCOME STATEMENT

We generate revenues from (i) charges based on transaction volume (U.S.), accounts or cards processed (outside the U.S.), and fees for various services and products (globally) within Card Services, and (ii) charges based on transaction volume and fees for various services and products within Check Services. Revenues depend upon a number of factors, such as demand for and price of our services, the technological competitiveness of our product line, our reputation for providing timely and reliable service, competition within our industry, and general economic conditions.

Costs of services consist primarily of the costs of transaction processing systems, personnel to develop and maintain applications and operate computer networks and to provide customer support, losses on check guarantee services, interchange and other fees on merchant processing, and depreciation and occupancy costs associated with the facilities performing these functions. Selling, general, and administrative expenses consist primarily of salaries, wages, and related expenses paid to sales, non-revenue customer support functions and administrative employees and management, and prior to the Distribution, certain allocated Equifax corporate costs.

#### RESULTS OF OPERATIONS

The following table summarizes our consolidated results for the years ended December 31, 2001, 2000, and 1999:

	2001 -----	2000 -----	1999 -----
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)		
Revenues .....	\$851.1	\$ 778.6	\$ 681.2
Operating income .....	\$151.4	\$ 147.2	\$ 127.5
Other income, net .....	\$ 0.1	\$ 1.3	\$ 2.3
Interest expense .....	\$ (7.2)	\$ (1.3)	\$ (0.9)
Net income .....	\$ 87.1	\$ 88.5	\$ 74.6
Earnings per share:			
Basic .....	\$ 1.27	\$ 1.32	\$ 1.09
Diluted .....	\$ 1.26	\$ 1.30	\$ 1.07
Pro forma earnings per share(*):			
Basic .....	\$ 1.17	\$ 1.06	\$ 0.87
Diluted .....	\$ 1.16	\$ 1.05	\$ 0.86

(\* ) Pro forma earnings per share are provided for informational purposes. All comparisons discussed below are based on historical results.

#### REVENUES

Year 2001 compared with Year 2000

Our revenues in 2001 of \$851.1 million increased by \$72.6 million, or 9.3%, over 2000. Card Services revenues grew 8.5% in 2001, while Check Services experienced revenue growth of 10.9% in 2001.

Our revenue growth was driven primarily by higher volumes, partially offset by unfavorable changes in foreign exchange rates. The acquisition of Accu Chek, Inc. ("Accu Chek") in August 2001 contributed \$4.6 million of revenues in 2001. The strengthening of the U.S. dollar against foreign currencies,

particularly the Brazilian real, reduced U.S. dollar equivalent revenue growth by \$21.7 million; therefore, 2001 revenue growth in local currency was 12.1%. Card Services revenues grew 12.2% and Check Services revenues grew 11.9% in 2001 on a local currency basis.

#### Year 2000 compared with Year 1999

Our revenues in 2000 of \$778.6 million increased by \$97.4 million, or 14.3%, over 1999. Card Services revenues grew 16.8% in 2000, while Check Services experienced revenue growth of 9.6% in 2000.

The growth in revenues was driven by increased volumes, in part from acquisitions, and was partially offset by unfavorable changes in foreign exchange rates. The acquisition of Procard, a card processing operation in Chile, in January 2000 accounted for \$5.1 million of revenue growth in 2000. The start-up of a card processing operation in the U.K. during June 1999 contributed \$30.0 million and \$13.7 million of total revenues in 2000 and 1999, respectively. The strengthening of the U.S. dollar against foreign currencies, particularly the Brazilian real and the British pound, reduced U.S. dollar equivalent revenue growth by \$6.2 million; therefore, local currency revenue growth was 15.2%. On a local currency basis, Card Services revenues grew 17.5% and Check Services revenues grew 10.9% in 2000.

#### OPERATING EXPENSES

##### Year 2001 compared with Year 2000

Our total operating expenses in 2001 of \$699.7 million increased by \$68.3 million, or 10.8%, over 2000. Card Services operating expenses grew \$35.1 million, or 8.6%, Check Services experienced operating expense growth of \$29.2 million, or 13.5%, and corporate expenses of \$11.9 million increased \$4.0 million, or 51.9%, over 2000 due to the incremental costs we incurred as a stand-alone public company after the Distribution.

Costs of services increased by \$66.0 million, or 12.3%, over 2000, principally driven by higher volumes in both business segments and higher guarantee loss rates in Check Services. An increase in card issuer and merchant volumes added \$35.7 million of costs and higher check volume and loss rates added \$30.3 million of costs. Card merchant costs of services included \$146.1 million and \$124.5 million of interchange pass-through costs in 2001 and 2000, respectively.

Selling, general and administrative expenses increased \$2.3 million, or 2.4%, largely attributable to the incremental costs we incurred as a stand-alone public company after the Distribution.

##### Year 2000 compared with Year 1999

Our total operating expenses in 2000 of \$631.4 million increased by \$77.7 million, or 14.0%, over 1999. Card Services operating expenses grew \$60.2 million, or 17.3%, Check Services experienced operating expense growth of \$17.0 million, or 8.5%, and corporate expenses of \$7.8 million increased \$0.5 million, or 6.5%, over 1999.

Costs of services increased by \$69.4 million, or 14.9%, over 1999, principally driven by increased volumes in both business segments. An increase in card issuer and merchant volumes added \$54.5 million of costs and higher check volume added \$14.9 million of costs. Card merchant costs of services included \$124.5 million and \$93.7 million of interchange pass-through costs in 2000 and 1999, respectively.

Selling, general and administrative expenses increased \$8.3 million, or 9.6%, largely attributable to the growth in our international Card Services businesses.

## OPERATING INCOME

### Year 2001 compared with Year 2000

Operating income of \$151.4 million in 2001 increased \$4.3 million, or 2.9%, over 2000. Combined operating margins were 17.8% in 2001 and 18.9% in 2000. Our overall operating margin was reduced due to the incremental general and administrative expenses we incurred as a stand-alone public company, higher guarantee loss rates in Check Services, and a 22.5% increase in lower-margin card merchant revenues. Merchant revenues have lower margins than the overall business as a result of interchange pass-through being a component of both revenues and costs of services.

### Year 2000 compared with Year 1999

Operating income of \$147.2 million in 2000 increased \$19.7 million, or 15.4%, over 1999. Combined operating margins were 18.9% in 2000 and 18.7% in 1999. Our increased operating income has been principally driven by revenue growth. Our overall operating margin was impacted by a 33.4% growth in lower-margin card merchant revenues.

## OTHER INCOME (EXPENSE), NET

Other income (expense), net principally consists of net foreign exchange losses and gains on the sales of businesses. In 2000, other income includes a \$2.2 million pre-tax gain on the sale of our investment in a card processing operation in India. In 1999, other income includes a \$3.0 million pre-tax gain on the sale of a minority owned business in Brazil.

## INTEREST EXPENSE

Interest expense in 2001 is predominately related to borrowings on our \$400 million unsecured revolving credit facilities, which were used to fund a \$275 million payment to Equifax in July 2001 in conjunction with the Distribution. Total debt outstanding at December 31, 2001 was \$230 million.

Interest expense for the periods prior to the Distribution principally consists of interest paid on a line of credit held by Unnisa, our card processing business in Brazil, and interest charged by Equifax on overnight funds borrowed on our behalf. We were not allocated any Equifax corporate debt or related interest expense, as historically, these amounts were not allocated to the operating divisions by Equifax. We estimate our interest expense would have increased by \$8.4 million, \$21.7 million, and \$18.6 million in 2001, 2000, and 1999, respectively, had Equifax allocated interest expense to us on \$275 million of debt in the periods prior to the Distribution. These amounts of interest are based on annual interest at a rate of LIBOR plus 100 basis points, which is our cost of borrowing under our existing revolving credit facilities.

## EFFECTIVE TAX RATE

Our effective tax rates were 39.0%, 39.1%, and 42.1% in 2001, 2000, and 1999, respectively. Our 1999 effective tax rate was negatively impacted by a basis difference of a minority owned business in Brazil that was sold during the year. We estimate our effective tax rate will be 38.3% in 2002. The decline in the estimated tax rate in 2002 is the result of the change in accounting for goodwill under Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), effective January 1, 2002. Amortization of goodwill in 2001 included \$4.8 million of non-deductible amortization.

Prior to the Distribution, we were included in the consolidated federal income tax return of Equifax. Federal and certain state tax provisions were settled through the intercompany accounts, and Equifax made income tax payments on our behalf. The provision for income taxes for these historical periods reflects federal, state, and foreign taxes calculated using the separate return basis.

## NET INCOME AND EARNINGS PER SHARE

Net income in 2001 decreased \$1.4 million, or 1.6%, below 2000, driven primarily by an increase in interest expense of \$5.9 million as a result of the debt incurred in connection with the Distribution. Additionally, other income decreased by \$1.2 million due principally to the gain realized on the sale of our card processing operation in India in 2000. These unfavorable variances were partially offset by an improvement in operating income of \$4.3 million. Net income in 2000 increased \$13.8 million, or 18.5%, over 1999, driven primarily by revenue growth.

Basic earnings per share ("EPS") is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Prior to the commencement of public trading on July 9, 2001, weighted average shares outstanding were computed by applying the distribution ratio of 0.5 shares of Certegy common stock to the historical Equifax weighted average shares outstanding for the same periods presented.

Diluted EPS reflects the potential dilution that would occur if stock options or other contracts to issue common stock were exercised and resulted in additional common shares outstanding during the period. As there were no historical market share prices for Certegy common stock prior to July 9, 2001, the effect of dilutive stock options for periods prior to the Distribution were estimated based on the dilutive amounts for the third quarter of 2001.

Pro forma basic and diluted EPS is calculated based on pro forma net income. During 2001, 2000, and 1999, we made certain adjustments to our historical results prepared in conformity with accounting principles generally accepted in the U.S., to disclose pro forma net income. These adjustments include certain pro forma costs assuming the spin-off from Equifax had occurred on January 1, 1999, including incremental stand-alone public company costs and interest expense on the debt we incurred to fund a \$275 million payment to Equifax in conjunction with the Distribution. We believe pro forma EPS provides a more meaningful comparative analysis for the years presented.

## SEGMENT RESULTS

The following table summarizes our segment results for the years ended December 31, 2001, 2000, and 1999:

	REVENUES			OPERATING INCOME		
	2001	2000	1999	2001	2000	1999
	(IN MILLIONS)					
Card Services .....	\$ 562.6	\$ 518.5	\$ 443.9	\$ 119.8	\$ 110.8	\$ 96.4
Check Services .....	288.5	260.1	237.3	43.5	44.2	38.4
	851.1	778.6	681.2	163.3	155.0	134.8
General corporate expense	--	--	--	(11.9)	(7.8)	(7.3)
	\$ 851.1	\$ 778.6	\$ 681.2	\$ 151.4	\$ 147.2	\$ 127.5

## CARD SERVICES

Over the past four years, our Card Services business has pursued growth in international markets. In September 1998, Card Services expanded its operations into South America by acquiring a 59.3% interest in Unnisa, a card processing business in Brazil. In May 2001, we acquired the remaining 40.7% ownership interest in Unnisa. In June 1999, we started a card processing operation in the U.K., owning a 51% interest, and acquired full ownership in September 2000. In January 2000, we acquired Procard, a card processing operation in Chile. Also in 2000, we entered into a five-year agreement with the National Australia Bank



to process cards issued in Australia, New Zealand, the U.K., and Ireland, with operations commencing in the second quarter of 2001. National Australia Bank is serviced from our new card processing operation in Australia, as well as from our card processing operation in the U.K. Card Services plans to pursue further card processing opportunities in the Asian and Pacific Rim markets, utilizing our Australian operation as the processing center.

#### Year 2001 compared with Year 2000

Card Services experienced revenue growth of \$44.1 million in 2001, representing an increase of 8.5% over 2000. Domestic revenues of \$447.8 million increased \$44.0 million, or 10.9%, over the prior year, driven principally by rising merchant processing volumes, which contributed approximately \$33.6 million of the domestic revenue growth.

International revenues of \$114.8 million in 2001 approximated our international revenues in 2000 of \$114.7 million. Exchange rate changes of the Brazilian real and the British pound reduced international card issuer services revenue growth by approximately \$19.2 million. On a local currency basis, international card issuer services revenues increased by approximately 22.3%. This increase was driven by the growth in our account base in Brazil and the U.K. and the start-up of our Australian operation, as the number of cards processed by our international operations increased from 13.3 million at the end of 2000 to 20.2 million at the end of 2001. International revenues also include card issuer software and support revenues, which have declined from \$13.1 million in 2000 to \$9.7 million in 2001. We will continue to sell card issuer software licenses and support internationally; however, our primary emphasis is on utilization of this proprietary software to run outsourced card processing services for our international customers.

Card Services' operating income in 2001 increased \$9.0 million, or 8.1%, over 2000. Operating margins were 21.3% in 2001 and 21.4% in 2000. A higher level of lower-margin merchant processing revenues and exchange rate fluctuations reduced our overall operating margins in 2001. On a local currency basis, Card Services' operating income grew 9.6% in 2001.

#### Year 2000 compared with Year 1999

Card Services' revenues increased \$74.6 million in 2000, a 16.8% growth over 1999. Domestic revenues of \$403.8 million in 2000 increased 14.7% over the prior year, driven by increases in card issuer transactions and merchant volumes. Merchant processing contributed approximately \$37.4 million of the domestic revenue growth in 2000.

Our international revenues of \$114.7 million in 2000 grew 25.1% over 1999, as the number of cards processed by our international operations increased from 7.8 million at the end of 1999 to approximately 13.3 million at the end of 2000. Our acquisition of Procard, a card processing operation in Chile, in January 2000 accounted for \$5.1 million of our revenue growth. The start-up of a card processing operation in the U.K. during June 1999 contributed \$30.0 million and \$13.7 million of revenues in 2000 and 1999, respectively. Card issuer software and support revenues declined from \$23.2 million in 1999 to \$13.1 million in 2000. Also partially offsetting international revenue growth in 2000 was the strengthening of the U.S. dollar. Exchange rate changes of the Brazilian real and the British pound reduced revenue growth by approximately \$3.0 million. On a local currency basis, international card issuer services revenues increased by approximately 52.7%.

Card Services' operating income in 2000 increased \$14.4 million, or 14.9%, over 1999, principally driven by revenue growth in our U.S. operations. Operating margins were 21.4% in 2000 and 21.7% in 1999. Reduction of card issuer software and support revenues, start-up losses of certain international operations, and a higher level of lower-margin merchant processing revenues reduced our overall operating margins in 2000.

## CHECK SERVICES

We believe check writing has begun to decline as a total percentage of point-of-sale payments due, in part, to the growing use of debit and credit cards. At the same time, however, demand for our services is strong due to factors that include increasing sophistication of check fraud and higher concentration of bad checks written at the point-of-sale due to a trend of higher credit quality consumers paying more with credit and debit cards and writing fewer checks. These factors are contributing to a growing reliance of retailers and other businesses on outside vendors, such as us, to provide check risk management services.

### Year 2001 compared with Year 2000

The revenues of Check Services increased by \$28.5 million in 2001, a 10.9% growth over 2000. Domestic revenues of \$238.5 million in 2001 increased 14.0% over 2000, largely attributable to the addition of new customers. The face amount of checks authorized in the U.S. totaled \$29.0 billion in 2001 and \$25.6 billion in 2000. Additionally, the acquisition of Accu Chek in August 2001 contributed \$4.6 million of revenues in 2001.

Our international revenues of \$50.0 million in 2001 decreased \$0.8 million, or 1.5%, below 2000. The strengthening of the U.S. dollar against the British pound reduced international check revenue growth by \$2.5 million in 2001. Although the face amount of checks authorized in the international operations declined in 2001 to \$3.1 billion as compared to \$3.3 billion in 2000, on a local currency basis, international revenues increased by approximately 3.4%.

Check Services operating income in 2001 decreased \$0.7 million, or 1.6%, below 2000. Operating margins were 15.1% in 2001 and 17.0% in 2000. Decreased operating income and margin declines have been driven by overall higher check guarantee loss rates in 2001; however, Check Services' profitability and margins have progressively improved each quarter throughout 2001 due to the seasonality of revenues, the addition of new customers, and improvement in guarantee loss rates.

### Year 2000 compared with Year 1999

The revenues of Check Services increased by \$22.8 million in 2000, a 9.6% growth over 1999. Domestic revenues of \$209.2 million in 2000 increased 11.8% over 1999, driven by higher volumes largely resulting from the addition of new customers. The face amount of checks authorized in the U.S. totaled \$25.6 billion in 2000 and \$23.5 billion in 1999.

Our international revenues of \$50.9 million in 2000 grew 1.4% over 1999. The strengthening of the U.S. dollar against the British pound reduced international check revenue growth by \$3.2 million in 2000. On a local currency basis, international revenues increased by approximately 6.6% as the face amount of checks authorized in the international operations increased to \$3.3 billion in 2000 compared to \$2.9 billion in 1999.

Check Services operating income in 2000 increased \$5.8 million, or 15.1%, over 1999. Operating margins were 17.0% in 2000 and 16.2% in 1999. Increased operating income and margin improvements have been driven by higher volumes, operating efficiencies achieved through process automation, and improved risk management in the international operations.

## GENERAL CORPORATE

General corporate expenses of \$11.9 million in 2001 increased by \$4.0 million and \$4.5 million over 2000 and 1999, respectively, due to the incremental costs we incurred as a stand-alone public company after the Distribution. These incremental costs specifically relate to incremental pension expense, insurance costs,

corporate headquarters rent, and stand-alone public company costs for audit, director, and stock exchange fees.

Prior to the Distribution, general corporate expenses reflected certain Equifax corporate expenses that were allocated to us based on our proportionate amount of revenues, number of employees, and other relevant factors as compared to related totals for Equifax. We believe that these allocations were made on a reasonable basis; however, we believe that, had we been operating on a full year stand-alone basis, we would have incurred additional expenses of approximately \$3.3 million in 2001 and approximately \$6.5 million in both 2000 and 1999.

#### LIQUIDITY AND CAPITAL RESOURCES

##### Year 2001 compared with Year 2000

Net cash provided by operating activities amounted to \$102.9 million in 2001 as compared with \$103.8 million in 2000. These amounts were reduced by \$29.0 million and \$21.4 million in 2001 and 2000, respectively, which are related to the timing of settlements in the card and merchant processing clearing system. Prior to the Distribution, Equifax held the cash deposits associated with this settlement process, which were included in the intercompany receivable from Equifax, a component of the Equifax equity investment. Operating activities provided cash of \$131.9 million in 2001 and \$125.1 million 2000 before the effect of this settlement activity. Operating cash flow has been sufficient to fund capital expenditures, acquisitions, treasury stock purchases, and long-term debt repayments in 2001 and capital expenditures in 2000.

Net cash used in investing activities amounted to \$128.4 million in 2001 and \$78.2 million in 2000. Capital expenditures, exclusive of acquisitions, amounted to \$49.3 million in 2001 and \$38.8 million in 2000. Total capital expenditures are anticipated to approximate \$45 million in 2002. Cash used for acquisitions, net of cash acquired, totaled \$79.0 million and \$46.3 million in 2001 and 2000, respectively. Cash proceeds from the sale of businesses and other assets amounted to \$6.9 million in 2000.

Net cash provided by (used in) financing activities amounted to \$24.9 million in 2001 and \$(26.8) million in 2000. In July 2001, we borrowed \$275 million on our revolving credit facilities to fund a cash payment to Equifax in conjunction with the Distribution. Net additions to long-term debt in 2001, including this \$275 million and amounts temporarily borrowed for our acquisition of Accu Chek in August 2001, were \$230.0 million. Net borrowings from (repayments to) Equifax, other than the \$275 million payment, amounted to \$68.4 million in 2001 and \$(26.4) million in 2000. Treasury stock purchases in 2001 amounted to \$2.4 million, while other activity, primarily proceeds from the exercise of stock options, provided cash of \$4.0 million in 2001.

##### Year 2000 compared with Year 1999

Net cash provided by operating activities amounted to \$103.8 million in 2000 as compared with \$146.2 million in 1999. The \$42.4 million decline in 2000 was due primarily to the timing of settlements in the card and merchant processing clearing system, which accounted for \$46.4 million of the change in operating cash flow in 2000 versus 1999. Operating activities provided cash of \$125.1 million in 2000 and \$121.2 million in 1999 before the effect of this settlement activity. Cash held by Equifax associated with this settlement process was \$29.0 million and \$50.4 million at December 31, 2000 and 1999, respectively. These amounts were included in the intercompany receivable from Equifax, a component of the Equifax equity investment. Operating cash flow was sufficient to fund capital expenditures, exclusive of acquisitions, in 2000 and 1999.

Net cash used in investing activities amounted to \$78.2 million in 2000 and \$30.9 million in 1999. Capital expenditures, exclusive of acquisitions and investments, amounted to \$38.8 million in 2000 and \$50.1

million in 1999. Cash used for acquisitions and other investments, net of cash acquired, totaled \$46.3 million in 2000. In 1999, we received \$2.0 million of cash related to the final purchase price determination of a 1998 acquisition. Cash proceeds from the sale of businesses and other assets amounted to \$6.9 million in 2000 and \$17.9 million in 1999.

Net cash used in financing activities amounted to \$26.8 million in 2000 and \$103.7 million in 1999. Net repayments to Equifax amounted to \$26.4 million and \$106.1 million in 2000 and 1999, respectively.

#### General

As described in Note 10 to the consolidated financial statements, we have \$39.5 million in lease commitments as of December 31, 2001. We have two operating leases, under which we have guaranteed the residual value of the leased properties. In the event the properties are sold by the lessors at the end of the lease terms, we would be responsible for any shortfall of the sales proceeds under \$26.2 million, which approximates 79% of the value of the properties at the beginning of the lease terms. We believe the fair market values of these properties exceed the amount of the guarantees.

As described in Note 2 to the consolidated financial statements, we have entered into an interest rate swap arrangement to fix the variable interest rate on one of these lease obligations. This derivative has been designated as a cash flow hedge, was documented as fully effective, and was valued as a liability totaling \$0.6 million as of December 31, 2001.

Other than our transactions with Equifax, which are described in Note 5 to the consolidated financial statements, we do not have any material related party transactions.

In July 2001, we obtained \$400 million of unsecured revolving credit facilities, a portion of which was used to fund a cash payment to Equifax of \$275 million in conjunction with the Distribution. We believe that our current level of cash and cash equivalents, \$27.7 million as of December 31, 2001, future cash flows from operations, and the amounts available under these revolving credit facilities, \$170 million as of December 31, 2001, will be sufficient to meet the needs of our existing operations and planned requirements for the foreseeable future.

We regularly evaluate cash requirements for current operations, development activities, and acquisitions. We may elect to raise additional funds for these purposes, either through further bank financing or the public capital markets, as appropriate. Based on our recent financial results and current financial position, we believe that additional funding will be available if required to meet our capital requirements.

#### CRITICAL ACCOUNTING POLICIES

In December 2001, the Securities and Exchange Commission ("SEC") requested that all registrants list their most "critical accounting policies" in their Management's Discussion and Analysis. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results of operations, and requires management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We believe that our following accounting policies fit this definition:

**CARD MERCHANT PROCESSING LOSS RESERVE.** In our direct card merchant processing business, in the event that we are not able to collect charges properly reversed by cardholders from the merchants due to insolvency, bankruptcy, or another reason, we may be liable for any such reversed charges.

We recognize card merchant processing revenues based on a percentage of the gross amount charged and have a potential liability for the full amount of the charge; therefore, we establish valuation allowances for operational losses when such losses are probable and reasonably estimated.

CHECK LOSS RESERVE. In our check guarantee business, we charge our merchant customers a percentage of the face value of the check and guarantee payment of the check to the merchant if the check is not honored by the checkwriter's bank. We have the right to collect the full amount of the check from the checkwriter but have not historically recovered 100% of the guaranteed checks; therefore, we establish a valuation allowance for this activity, based on historical and projected loss experiences.

ACCOUNTING FOR GOODWILL AND OTHER INTANGIBLE ASSETS. In July 2001, SFAS 142 was issued, which, among other things, eliminates the amortization of goodwill and other non-separable intangible assets and requires that goodwill be evaluated for impairment by applying a fair value-based test. We adopted the standard effective June 30, 2001 for all subsequent acquisitions and January 1, 2002 for all acquisitions that occurred prior to June 30, 2001. We expect to complete our first fair value-based impairment tests by June 30, 2002 in accordance with the standard. Amortization of goodwill was approximately \$8.7 million for the year ended December 31, 2001. We estimate that EPS would have increased by approximately \$0.11 for the year ended December 31, 2001 had SFAS 142 been effective as of the beginning of 2001.

FOREIGN CURRENCY TRANSLATION. Approximately 19% of our revenues for the year ended December 31, 2001 and 40% of our assets at December 31, 2001 are associated with operations outside of the U.S. The U.S. dollar balance sheets and statements of income for these businesses are subject to currency fluctuations. We are most vulnerable to fluctuations in the Brazilian real and the British pound against the U.S. dollar. The cumulative translation adjustment, largely related to our investment in Unnisa, our Brazilian card processing operation, was a \$67.6 million and \$57.3 million reduction of shareholders' equity at December 31, 2001 and 2000, respectively.

#### SEASONALITY, INFLATION, AND ECONOMIC DOWNTURNS

We are subject to the impact of general economic conditions; however, this has historically been somewhat mitigated by the continued demand for payment transaction processing. We are also subject to certain seasonal fluctuations such as peak activity during the holiday buying season. Based upon internal company expectations under pre-September 11th economic activity, we estimate that recessionary conditions in the post-September 11th periods reduced full year revenues and operating income by approximately \$8 million and \$3 million, respectively.

We do not believe that inflation has had a material effect on our operating results. However, inflation could adversely affect our financial results were it to result in a substantial weakening in economic conditions that adversely affect the level of consumer spending.

## INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Certegy Inc.:

We have audited the accompanying consolidated balance sheets of Certegy Inc. and Subsidiaries (the "Company") as of December 31, 2001 and 2000 and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Certegy Inc. and Subsidiaries as of December 31, 2001 and 2000 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia  
February 8, 2002

CERTEGY INC.  
CONSOLIDATED STATEMENTS OF INCOME  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
Revenues .....	\$ 851,123	\$ 778,562	\$ 681,172
Operating expenses:			
Costs of services .....	601,740	535,751	466,379
Selling, general and administrative .....	97,964	95,652	87,308
	699,704	631,403	553,687
Operating income .....	151,419	147,159	127,485
Other income, net .....	78	1,309	2,311
Interest expense .....	(7,200)	(1,301)	(901)
Income before income taxes and minority interests ....	144,297	147,167	128,895
Provision for income taxes .....	(56,276)	(57,609)	(54,272)
Minority interests in earnings, net of tax .....	(945)	(1,096)	6
Net income .....	\$ 87,076	\$ 88,462	\$ 74,629
Basic:			
Earnings per share .....	\$ 1.27	\$ 1.32	\$ 1.09
Unaudited pro forma earnings per share (Note 2)....	\$ 1.17	\$ 1.06	\$ 0.87
Average shares outstanding .....	68,317	67,200	68,729
Diluted:			
Earnings per share .....	\$ 1.26	\$ 1.30	\$ 1.07
Unaudited pro forma earnings per share (Note 2) ...	\$ 1.16	\$ 1.05	\$ 0.86
Average shares outstanding .....	69,063	67,933	69,462

The accompanying notes are an integral part of these consolidated financial statements.



CERTEGY INC.  
CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT PAR VALUES)

	DECEMBER 31,	
	2001	2000
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 27,674	\$ 29,794
Settlement deposits .....	26,477	--
Trade accounts receivable, net of allowance for doubtful accounts of \$2,538 and \$2,148, respectively .....	102,511	99,472
Settlement receivables .....	100,114	48,173
Other receivables .....	10,631	7,706
Deferred income taxes (Note 7) .....	2,554	4,827
Other current assets .....	12,945	9,235
Total current assets .....	282,906	199,207
Property and equipment, net (Note 2) .....	34,340	32,806
Intangibles, net (Note 2) .....	240,630	184,612
Deferred income taxes (Note 7) .....	3,946	--
Other assets, net (Note 2) .....	135,751	85,820
Total assets .....	\$ 697,573	\$ 502,445
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable .....	\$ 22,005	\$ 18,465
Settlement payables .....	126,591	77,213
Notes payable .....	423	549
Accrued salaries and bonuses .....	13,164	11,871
Income taxes payable .....	11,703	8,992
Other current liabilities .....	48,050	43,161
Total current liabilities .....	221,936	160,251
Long-term debt .....	230,000	--
Deferred income taxes (Note 7) .....	24,629	11,390
Other long-term liabilities .....	9,143	1,280
Total liabilities .....	485,708	172,921
Commitments and contingencies (Note 10)		
Minority interests .....	--	5,906
Shareholders' equity:		
Equifax equity investment .....	--	380,906
Preferred stock, \$0.01 par value; 100,000 shares authorized; none issued and outstanding at December 31, 2001 .....	--	--
Common stock, \$0.01 par value; 300,000 shares authorized; 68,836 shares issued and outstanding at December 31, 2001 ...	688	--
Paid-in capital .....	232,099	--
Retained earnings .....	50,568	--
Deferred compensation .....	(3,651)	--
Accumulated other comprehensive loss .....	(67,839)	(57,288)
Treasury stock, at cost; none at December 31, 2001 .....	--	--
Total shareholders' equity .....	211,865	323,618
Total liabilities and shareholders' equity .....	\$ 697,573	\$ 502,445

The accompanying notes are an integral part of these consolidated financial statements.

CERTEGY INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
Cash flows from operating activities:			
Net income .....	\$ 87,076	\$ 88,462	\$ 74,629
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization .....	45,677	42,698	35,758
Amortization of deferred compensation .....	676	--	--
Income tax benefit from stock options .....	729	--	--
Gain from sale of investments .....	--	(2,188)	(2,997)
Minority interests in earnings .....	945	1,096	(6)
Changes in assets and liabilities, excluding effects of acquisitions:			
Accounts receivable, net .....	(6,134)	1,568	(13,214)
Current liabilities, excluding notes and settlement payables .....	5,963	(1,240)	21,579
Settlement accounts, net .....	(29,040)	(21,353)	25,020
Other current assets .....	(1,657)	(335)	321
Deferred income taxes .....	6,771	(2,961)	3,921
Other long-term liabilities .....	3,710	(168)	(115)
Other assets .....	(11,840)	(1,795)	1,324
Net cash provided by operating activities .....	102,876	103,784	146,220
Cash flows from investing activities:			
Capital expenditures .....	(49,349)	(38,789)	(50,111)
Acquisitions, net of cash acquired .....	(79,038)	(46,257)	2,020
Investments in unconsolidated affiliates .....	--	--	(700)
Proceeds from sale of investments .....	--	6,850	17,857
Net cash used in investing activities .....	(128,387)	(78,196)	(30,934)
Cash flows from financing activities:			
Change in notes payable .....	(122)	(466)	(871)
Net repayments to Equifax .....	(206,646)	(26,353)	(106,059)
Net additions to long-term debt .....	230,000	--	--
Treasury stock purchases .....	(2,353)	--	--
Proceeds from exercise of stock options .....	3,992	--	--
Contributions from minority interests .....	--	--	3,223
Net cash provided by (used in) financing activities .....	24,871	(26,819)	(103,707)
Effect of foreign currency exchange rates on cash .....	(1,480)	(2,592)	(752)
Net cash (used) provided .....	(2,120)	(3,823)	10,827
Cash and cash equivalents, beginning of year .....	29,794	33,617	22,790
Cash and cash equivalents, end of year .....	\$ 27,674	\$ 29,794	\$ 33,617

The accompanying notes are an integral part of these  
consolidated financial statements.

CERTEGY INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(IN THOUSANDS)

	Equifax Equity Investment -----	Common Stock -----	Paid-in Capital -----	Retained Earnings -----	Deferred Compensation -----
Balance, December 31, 1998 .....	\$ 350,997	\$ --	\$ --	\$ --	\$ --
1999 changes:					
Net income .....	74,629				
Foreign currency translation adjustment .....					
Net transactions with Equifax .....	(105,674)				
Balance, December 31, 1999 .....	319,952	--	--	--	--
2000 changes:					
Net income .....	88,462				
Foreign currency translation adjustment .....					
Net transactions with Equifax .....	(27,508)				
Balance, December 31, 2000 .....	380,906	--	--	--	--
2001 changes:					
Net income .....	36,508			50,568	
Foreign currency translation adjustment .....					
Net transactions with Equifax .....	83,678				
Distribution(1) .....	(501,092)	686	225,406		
Restricted stock issued(2) .....		1	4,326		(4,327)
Treasury stock purchased(3) .....					
Stock options exercised(4) .....		1	1,638		
Income tax benefit from stock options .....			729		
Amortization of deferred compensation .....					676
Cash flow hedging activities xxx ...					
Balance, December 31, 2001 .....	\$ -- =====	\$688 =====	\$232,099 =====	\$50,568 =====	\$(3,651) =====

	Accumulated Other Comprehensive Loss -----	Treasury Stock -----	Total Shareholders' Equity -----	Comprehen- sive Income -----
Balance, December 31, 1998 .....	\$ (2,204)	\$ --	\$ 348,793	
1999 changes:				
Net income .....			74,629	\$ 74,629
Foreign currency translation adjustment .....	(46,258)		(46,258)	(46,258)
Net transactions with Equifax .....			(105,674)	
Balance, December 31, 1999 .....	(48,462)	--	271,490	\$ 28,371 =====
2000 changes:				
Net income .....			88,462	\$ 88,462
Foreign currency translation adjustment .....	(8,826)		(8,826)	(8,826)
Net transactions with Equifax .....			(27,508)	
Balance, December 31, 2000 .....	(57,288)	--	323,618	\$ 79,636 =====
2001 changes:				
Net income .....			87,076	\$ 87,076
Foreign currency translation adjustment .....	(10,323)		(10,323)	(10,323)
Net transactions with Equifax .....			83,678	
Distribution(1) .....			(275,000)	
Restricted stock issued(2) .....			--	
Treasury stock purchased(3) .....		(2,353)	(2,353)	
Stock options exercised(4) .....		2,353	3,992	
Income tax benefit from stock options .....			729	
Amortization of deferred compensation .....			676	
Cash flow hedging activities xxx ...	(228)		(228)	(228)

Balance, December 31, 2001 .....	----- \$(67,839) =====	----- \$ -- =====	----- \$ 211,865 =====	----- \$ 76,525 =====
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(1) 68,600 shares    (2) 133 shares    (3) (81) shares    (4) 184 shares

The accompanying notes are an integral part of these consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1---SPIN-OFF AND BASIS OF PRESENTATION

In October 2000, the Board of Directors of Equifax Inc. ("Equifax") announced its intent to spin off its Payment Services division, subject to certain conditions, into a separate publicly traded company with its own management and Board of Directors (the "Distribution"). This Distribution occurred on July 7, 2001 (the "Distribution Date") and was accomplished by transferring the assets, liabilities, and stock of the businesses that comprised the Payment Services division to Certegy Inc. ("Certegy" or the "Company") and then distributing all of the shares of Certegy common stock to Equifax's shareholders. (The term "Company" is also used to refer to the Equifax Payment Services division prior to the Distribution.) The Equifax shareholders received one share of Certegy common stock for every two shares of Equifax common stock held as of the Distribution Date. In conjunction with the Distribution, Certegy made a cash payment to Equifax in the amount of \$275 million to reflect Certegy's share of Equifax's pre-distribution debt used to establish the Company's initial capitalization. This was funded through \$400 million of unsecured revolving credit facilities obtained by Certegy in July 2001. Certegy was incorporated on March 2, 2001, under the name Equifax PS, Inc., as a wholly-owned subsidiary of Equifax. Certegy did not have any operations, assets, or liabilities until the contribution by Equifax to Certegy of the Payment Services division prior to the Distribution.

The Company provides credit and debit card processing and check risk management services to financial institutions and merchants throughout the world through two segments, Card Services and Check Services (see Note 12 for segment information). Card Services provides card issuer services in the United States ("U.S."), the United Kingdom ("U.K."), Brazil, Chile, Australia, New Zealand, Ireland, France, and Spain. Additionally, Card Services provides merchant processing services in the U.S. and card issuer software, support, and consulting services in numerous countries. Check Services provides check risk management services and related processing services in the U.S., the U.K., Canada, France, Ireland, Australia, and New Zealand.

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Prior to the Distribution Date, the financial statements included the accounts of the Equifax businesses that comprised its Payment Services division. All significant intercompany transactions and balances have been eliminated.

The consolidated financial statements have been prepared on the historical cost basis in accordance with accounting principles generally accepted in the U.S. ("GAAP"), and present the Company's financial position, results of operations, and cash flows. Through the Distribution Date, these amounts were derived from Equifax's historical financial statements. As further described in Note 5, certain Equifax corporate expenses were allocated to the Company through the Distribution Date. These allocations were based on an estimate of the proportion of corporate expenses allocable to the Company, utilizing such factors as revenues, number of employees, and other relevant factors. In the opinion of management, these allocations were made on a reasonable basis; however, the costs of these services charged to the Company may not reflect the actual costs the Company would have incurred for similar services had it been operating as a stand-alone company. The consolidated financial statements do not include any allocation of Equifax corporate debt or related interest expense, as historically, these amounts were not allocated to the operating divisions by Equifax.

### NOTE 2---SIGNIFICANT ACCOUNTING POLICIES

**USE OF ESTIMATES.** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**REVENUE RECOGNITION.** Revenues from credit and debit card processing and related services are recognized based on a specified amount per account, per card, or per transaction when processed or as services are rendered. Card merchant processing provides a range of processing services, including authorizing card transactions at the point-of-sale, capturing and transmitting data affecting settlement of payments, and assisting merchants in resolving billing disputes with their customers. Revenues for card merchant processing services are recognized in the period the transactions are processed or when the services are performed, based on a percentage of the gross amount charged, and include interchange fees, which are processing fees paid to credit card associations. The Company records a valuation allowance for operational losses when such losses are probable and reasonably estimated.

Check guarantee is the process of electronically authorizing a check being presented to the Company's merchant customer, through an extensive database, and guaranteeing the face value of the check to the merchant customer. If a guaranteed check is dishonored, the Company reimburses the merchant for the check's face value, and pursues collection from the delinquent checkwriter. Revenues for check guarantee services are based on a percentage of the face value of each guaranteed check and are recognized when the obligations to the merchant customer are fulfilled. At the time checks are guaranteed, the Company records a valuation allowance for losses on uncollectible checks, based on historical and projected loss experiences. Check verification services are similar to check guarantee services, except the Company does not guarantee the verified checks, and the risk of loss is retained by the merchant customer. Revenues for these services are based on a fixed amount per check and are

recognized when the checks are verified.

The Company licenses card issuer software products that allow customers to manage their credit card programs. These products include a complete suite of UNIX and mainframe credit card issuing and acquiring software. Software license revenues are recognized in accordance with Statement of Position 97-2, "Software Revenue Recognition." In certain software arrangements, the Company provides consulting services, which include implementation and upgrades to the existing base software. For license sales that do not include consulting services, revenue is recognized when delivery has occurred, the license fee is fixed and determinable, collectibility is probable, and evidence of an arrangement exists. For professional services related to card issuer software and for licenses that include consulting or processing services, revenue is recognized over the period the services are performed. Card issuer software maintenance and support revenues are recognized over the term of the contract or as services are performed.

**EARNINGS PER SHARE.** Basic earnings per share ("EPS") is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Prior to the commencement of public trading on July 9, 2001, weighted average shares outstanding were computed by applying the distribution ratio of 0.5 shares of Certegy common stock to the historical Equifax weighted average shares outstanding for the same periods presented.

Diluted EPS reflects the potential dilution that would occur if stock options or other contracts to issue common stock were exercised and resulted in additional common shares outstanding during the period. As there were no historical market share prices for Certegy common stock prior to July 9, 2001, the effect of dilutive stock options for periods prior to the Distribution were estimated based on the dilutive amounts for the third quarter of 2001. Restricted stock was not issued until after the Distribution Date.

A reconciliation of the average outstanding shares used in the basic and diluted EPS calculations for the years ended December 31, 2001, 2000, and 1999 is as follows:

	2001 -----	2000 -----	1999 -----
		(In thousands)	
Weighted average shares outstanding (basic) .....	68,317	67,200	68,729
Effect of dilutive securities:			
Stock options .....	718	733	733
Restricted stock .....	28	--	--
	-----	-----	-----
Weighted average shares outstanding (diluted) ...	69,063 =====	67,933 =====	69,462 =====

**PRO FORMA EARNINGS PER SHARE (UNAUDITED).** Pro forma basic and diluted EPS is calculated based on pro forma net income. During 2001, 2000, and 1999, the Company made certain adjustments to its results prepared in conformity with GAAP, to disclose pro forma net income. These adjustments include certain pro forma costs assuming the spin-off from Equifax had occurred on January 1, 1999, including incremental stand-alone public company costs and interest expense on the debt the Company incurred to fund a \$275 million payment to Equifax in conjunction with the Distribution. Management believes pro forma EPS provides a more meaningful comparative analysis for the years presented. A reconciliation of net income to pro forma net income for the years ended December 31, 2001, 2000, and 1999 is as follows:

	2001 -----	2000 -----	1999 -----
		(In thousands)	
Net income .....	\$ 87,076	\$ 88,462	\$ 74,629
Additional operating expenses .....	(3,250)	(6,500)	(6,500)
Additional interest expense .....	(8,413)	(21,735)	(18,634)
Income tax benefit of pro forma adjustments .....	4,549	11,040	10,581
	-----	-----	-----
Pro forma net income .....	\$ 79,962 =====	\$ 71,267 =====	\$ 60,076 =====
Pro forma basic earnings per share .....	\$ 1.17 =====	\$ 1.06 =====	\$ 0.87 =====
Pro forma diluted earnings per share .....	\$ 1.16 =====	\$ 1.05 =====	\$ 0.86 =====

**CASH AND CASH EQUIVALENTS.** Cash and cash equivalents include cash on hand and all liquid investments with an initial maturity of three months or less when purchased.

**SETTLEMENT DEPOSITS, RECEIVABLES, AND PAYABLES.** Settlement receivables and payables result from timing differences in the Company's settlement process with merchants, financial institutions, and credit card associations related to merchant and card transaction processing. Cash held by the Company associated with this settlement process is classified as settlement deposits in the consolidated balance sheets. Prior to the Distribution, settlement deposits were held by Equifax and included in the intercompany receivable due from Equifax, a component of the Equifax equity investment. Cash held by Equifax at December 31, 2000 and 1999 was \$29.0 million and \$50.4 million, respectively.





The Company has an unsecured revolving credit facility that provides advances up to \$130 million to finance its customers' shortfalls in the daily funding requirements associated with the Company's credit and debit card settlement operations. Amounts borrowed are typically repaid within one to two business days, as customers fund the shortfalls. This facility has a variable interest rate equal to LIBOR plus 100 basis points and contains certain financial covenants and events of default customary for financings of this nature. This facility has an initial term of 364 days expiring on June 28, 2002 and amounts may be repaid at any time within this term. The amount outstanding under this facility at December 31, 2001 was \$10.5 million, which is included in settlement payables in the consolidated balance sheet. This amount was repaid on January 2, 2002.

PROPERTY AND EQUIPMENT. The cost of property and equipment is depreciated on a straight-line basis over estimated useful lives as follows: buildings - 30 years; leasehold improvements - not to exceed lease terms; data processing equipment - 3 to 5 years; and furniture - 3 to 10 years. Maintenance and repairs are charged to expense as incurred.

Property and equipment at December 31, 2001 and 2000 consist of the following:

	2001	2000
	-----	-----
	(In thousands)	
Land, buildings, and improvements .....	\$ 10,914	\$ 9,246
Data processing equipment and furniture ...	91,073	84,859
	-----	-----
	101,987	94,105
Less accumulated depreciation .....	(67,647)	(61,299)
	-----	-----
	\$ 34,340	\$ 32,806
	=====	=====

INTANGIBLES. Intangibles include acquired goodwill, merchant contracts, data files and customer lists. Net goodwill of \$207.1 million and \$160.9 million at December 31, 2001 and 2000, respectively, is amortized using the straight-line method over estimated useful lives of 20 to 40 years, with a weighted average life of 24 years. Net other intangibles, including merchant contracts, data files and customer lists, of \$33.5 million and \$23.7 million at December 31, 2001 and 2000, respectively, are amortized using the straight-line method over estimated useful lives of 8 to 15 years. Useful lives are principally determined by management based on the nature and geographic location of the business acquired and the relative stability and rate of technological change inherent in each business. Goodwill amortization expense was \$8.7 million in 2001, \$7.9 million in 2000, and \$7.2 million in 1999. As of December 31, 2001 and 2000, accumulated goodwill amortization was \$30.5 million and \$23.8 million, respectively. Amortization expense for other intangibles was \$2.4 million and \$0.3 million in 2001 and 2000, respectively. As of December 31, 2001 and 2000, accumulated amortization for other intangibles was \$2.7 million and \$0.3 million, respectively.

OTHER ASSETS. Other assets principally consist of systems development and other deferred costs, prepaid pension cost, and purchased software. The costs of internally developed and purchased software used to provide services to customers or for internal administrative services are capitalized and amortized on a straight-line basis over five to ten years, as determined by their estimated useful lives. Maintenance and repairs are charged to expense as incurred. Other miscellaneous assets are amortized using the straight-line method over estimated useful lives of five to ten years. Amortization expense for other assets was \$20.8 million in 2001, \$20.6 million in 2000, and \$15.4 million in 1999. As of December 31, 2001 and 2000, accumulated amortization was \$71.6 million and \$57.1 million, respectively.

Other assets, net at December 31, 2001 and 2000 consist of the following:

	2001	2000
	-----	-----
	(In thousands)	
Systems development and other deferred costs ...	\$ 96,357	\$ 78,139
Prepaid pension cost .....	20,875	--
Purchased software .....	6,683	6,607
Other .....	11,836	1,074
	-----	-----
	\$135,751	\$ 85,820
	=====	=====

IMPAIRMENT OF LONG-LIVED ASSETS. Long-lived assets include property and equipment, intangibles, and other assets. The Company regularly evaluates whether events and circumstances have occurred which indicate that the carrying amount of long-lived assets may warrant revision or may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Company uses an estimate of the future undiscounted net cash flows of the related business over the remaining life of the asset in measuring whether the carrying amount of the related asset is recoverable. To the extent these projections indicate that future undiscounted net cash flows are not

sufficient to recover the carrying amounts of the related assets, the underlying assets are written down by charges to expense so that the carrying amount is equal to fair value, primarily determined based on future discounted cash flows. In the opinion of management, the long-lived assets are appropriately valued at December 31, 2001 and 2000, respectively.

MINORITY INTERESTS. Minority interests in earnings of consolidated subsidiaries represent the minority shareholders' share of the after-tax net income or loss of various consolidated subsidiaries. The minority interests in the consolidated balance sheets reflect the original investments by these minority shareholders in the consolidated subsidiaries, along with their proportional share of the earnings or losses of the subsidiaries, net of dividends. As of December 31, 2001, there were no minority interests in any of the Company's subsidiaries.

FOREIGN CURRENCY TRANSLATION. The Company has foreign subsidiaries whose functional currency is their local currency. Gains and losses on transactions denominated in currencies other than the functional currencies are included in determining net income for the period in which exchange rates change. The assets and liabilities of foreign subsidiaries, including long-term intercompany balances, are translated at the year-end rate of exchange, and income statement items are translated at the average rates prevailing during the year. The resulting translation adjustment is recorded as a component of shareholders' equity. The effects of foreign currency gains and losses arising from these translations of assets and liabilities are included as a component of other comprehensive income.

SUPPLEMENTAL CASH FLOW INFORMATION. Supplemental cash flow disclosures for the years ended December 31, 2001, 2000, and 1999 are as follows:

	2001 -----	2000 -----	1999 -----
	(In thousands)		
Income taxes paid, net of amounts refunded ...	\$ 28,627	\$ 4,120	\$ 3,470
Interest paid .....	\$ 5,138	\$ 1,308	\$ 897

Prior to the Distribution, cash paid for income taxes represented only payments for foreign and certain state income taxes. Payments for federal and unitary state income taxes were reflected as a component of net transactions with Equifax in the consolidated financial statements.

FINANCIAL INSTRUMENTS. The Company considers the carrying amounts of its financial instruments, including cash and cash equivalents, receivables, accounts and notes payable, and accrued liabilities to approximate their fair market values due to their short maturity. The carrying amount of the Company's long-term debt also approximates its fair market value given the debt arrangements have variable interest rates that reflect currently available terms and conditions for similar debt.

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 requires that a company recognize derivatives as assets or liabilities on its balance sheet, and also requires that the gain or loss related to the effective portion of derivatives designated as cash flow hedges be recorded as a component of other comprehensive income. At December 31, 2001, the Company held one interest rate swap arrangement that, in effect, fixes the interest rate for a related variable rate lease obligation (Note 10). This derivative has been designated as a cash flow hedge, was documented as fully effective, and at December 31, 2001, was valued as a liability totaling \$0.6 million. This liability is included in other current liabilities in the consolidated balance sheet, and the related loss is recorded, net of income tax, as a component of accumulated other comprehensive loss. The notional amount of debt underlying the swap arrangement at the date of the transaction was \$10.1 million.

RECENT ACCOUNTING PRONOUNCEMENTS. In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" ("SFAS 141") and SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141, among other things, eliminates pooling of interests accounting and requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. SFAS 142, among other things, eliminates the amortization of goodwill and other non-separable intangible assets and requires that goodwill be evaluated for impairment by applying a fair value-based test. The Company adopted the standard effective June 30, 2001 for all subsequent acquisitions and January 1, 2002 for all acquisitions that occurred prior to June 30, 2001. The Company expects to complete its first fair value-based impairment tests by June 30, 2002 in accordance with the standard. Amortization of goodwill was approximately \$8.7 million for the year ended December 31, 2001. Management estimates that EPS for the year ended December 31, 2001 would have increased by approximately \$0.11 had SFAS 142 been effective as of the beginning of 2001.

In November 2001, the FASB released Staff Announcement Topic D-103, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred," which clarifies interpretations of Emerging Issues Task Force ("EITF") 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent." The FASB Staff Announcement states that reimbursements received for out-of-pocket expenses should be characterized as revenues. Historically, the Company has netted such reimbursements against its costs in the consolidated statements of income. The largest costs, for which the Company is reimbursed by customers, are postage and delivery charges. The FASB Staff Announcement is effective for financial reporting periods beginning after December 15, 2001, with comparative financial statements for prior periods reclassified to conform to the new presentation.

The Company does not expect the new FASB Staff Announcement to have any impact on its financial position, operating income, and net income; however, the Company's operating and net income margins will be reduced as a result of the gross-up of revenues and costs for reimbursable expenses. Management is currently assessing the impact of this new guidance on its operating and net income margins.

NOTE 3--ACQUISITIONS

During 2001 and 2000, the Company acquired or increased its ownership in the following businesses:

Business	Date Acquired	Industry Segment	Percentage Ownership
Accu Chek, Inc. (U.S.).....	August 2001	Check Services	100.0%
Unnisa Ltda. (Brazil).....	May 2001	Card Services	100.0%(1)
Equifax Card Solutions Ltd. (U.K.).....	September 2000	Card Services	100.0%(2)
Check-A-Cheque Ltd. (U.K.).....	March 2000	Check Services	100.0%
Rexora (U.K.).....	January 2000	Check Services	100.0%
Procard S.A. (Chile).....	January 2000	Card Services	100.0%

- (1)Increased ownership from 59.3% acquired in 1998 to 100% in 2001.
- (2)Increased ownership from 51% when started in 1999 to 100% in 2000.

In May 2001, the Company increased its ownership in Unnisa Ltda. ("Unnisa"), a card processing business in Brazil, from 59.3% to 100%. In August 2001, the Company acquired Accu Chek, Inc. ("Accu Chek"), a leading provider of third-party check collection services. These acquisitions had an aggregate cash purchase price of \$79.0 million, net of cash acquired, with \$58.1 million allocated to goodwill, \$12.1 million allocated to other intangibles, including data files and customer lists, \$4.0 million allocated to other current and long-term assets, \$1.0 million of assumed liabilities, and \$5.8 million for the elimination of the minority interests. If these 2001 acquisitions had occurred as of the beginning of 2000, the unaudited pro forma revenues, net income, and diluted EPS of the Company would have been \$856.2 million, \$87.3 million, and \$1.26 in 2001, respectively, and \$786.2 million, \$88.3 million, and \$1.30 in 2000, respectively.

In 2000, the Company increased its ownership in Equifax Card Solutions Ltd., a U.K. card processing business, from 51% to 100%, and acquired Check-A-Cheque Ltd. and Rexora to complement its check business in Europe and Procard S.A., a card processing business in Chile. The Company also acquired a portfolio of credit card merchant processing accounts from Heartland Payment Systems. These acquisitions had an aggregate cash purchase price of \$46.3 million, net of cash acquired, with \$24.7 million allocated to goodwill, \$22.0 million allocated to merchant contracts, \$1.8 million allocated to assets, and \$2.2 million of assumed liabilities. If these 2000 acquisitions had occurred as of the beginning of 1999, the unaudited pro forma revenues, net income, and diluted EPS of the Company would have been \$830.1 million, \$87.5 million, and \$1.29 in 2000, respectively, and \$748.3 million, \$72.7 million, and \$1.05 in 1999, respectively.

The above acquisitions were accounted for as purchases and their results of operations have been included in the consolidated statements of income from the dates of acquisition. The pro forma information is based on historical results of the separate companies and may not necessarily be indicative of the results that would have been achieved or of results that may occur in the future.

NOTE 4---DIVESTITURES

In September 2000, the Company sold its 50% interest in its card processing operation in India for \$6.9 million, which resulted in a pre-tax gain of \$2.2 million. In April 1999, the Company sold its 34% equity interest in Proceda in Brazil for \$17.9 million, which resulted in a pre-tax gain of \$3.0 million. These gains were recorded in other income.

NOTE 5---TRANSACTIONS WITH EQUIFAX

There were no material intercompany purchase or sale transactions between Equifax and the Company through the Distribution Date. Prior to the Distribution, the Company advanced excess cash to Equifax under Equifax's centralized cash management system. This excess cash and short-term advances to the Company from Equifax are included in the Equifax equity investment in the consolidated balance sheet as of December 31, 2000.

The Company was charged with incremental corporate costs through the Distribution Date in the amount of \$6.3 million in 2001, \$11.1 million in 2000, and \$10.1 million in 1999. Approximately \$1.9 million, \$3.3 million, and \$2.8 million of these amounts were allocated to the Company's two operating segments in 2001, 2000, and 1999, respectively. The Equifax allocations were based on an estimate of the proportion of corporate expenses related to the Company, utilizing such factors as revenues, number of employees, and other relevant factors. Management believes that, had the Company been operating on a full year stand-alone basis, it would have

incurred additional expenses of approximately \$3.3 million in 2001 and approximately \$6.5 million in both 2000 and 1999, which specifically relate to incremental pension expense, insurance costs, corporate headquarters rent, and stand-alone public company costs for audit, director, and stock exchange fees. Management believes that all other costs allocated to the Company are a reasonable representation of the costs that would have been incurred if the Company had performed these functions as a stand-alone company.

In conjunction with the Distribution, the Company and Equifax entered into various agreements that address the allocation of assets and liabilities between them and that define their relationship after the Distribution, including the distribution agreement, the tax sharing and indemnification agreement, the employee benefits agreement, the intercompany data purchase agreement, the intellectual property agreement, and the transition support agreement.

NOTE 6---LONG-TERM DEBT

In July 2001, the Company entered into a \$300 million unsecured revolving credit facility with a group of commercial banks. This facility provides interest rates tied to Base Rate or LIBOR. This facility also contains certain financial covenants related to interest coverage and funded debt to cash flow, and borrowings under this facility are guaranteed by the Company's subsidiaries. Borrowings were made on this facility to fund a \$275 million payment to Equifax in conjunction with the Distribution. It is also available to meet working capital and acquisition needs, if necessary. Outstanding amounts are due upon the expiration date of the facility in July 2004; therefore, the Company classifies the outstanding balance as long-term debt. At December 31, 2001, the Company had \$230 million outstanding under this facility.

Also in July 2001, the Company entered into a \$100 million unsecured revolving credit facility with the same group of commercial banks. This facility provides interest rates tied to Base Rate or LIBOR. This facility also contains certain financial covenants related to interest coverage and funded debt to cash flow, and borrowings under this facility are guaranteed by the Company's subsidiaries. This facility expires in July 2002 and there were no amounts outstanding at December 31, 2001.

The Company also has an unsecured revolving credit facility that provides advances up to \$130 million to finance its customers' shortfalls in the daily funding requirements associated with the Company's credit and debit card settlement operations. This credit facility has been classified as part of the Company's settlement payables in the consolidated balance sheet (Note 2).

NOTE 7---INCOME TAXES

Prior to the Distribution Date, the Company was included in the consolidated federal income tax return of Equifax. Tax provisions were settled through the intercompany accounts and Equifax made income tax payments on behalf of the Company. The Company's provision for income taxes in the consolidated statements of income reflects federal, state, and foreign income taxes calculated using the separate return basis. The provision for income taxes consists of the following:

	2001	2000	1999
	-----	-----	-----
Current:		(In thousands)	
Federal .....	\$ 42,187	\$ 47,908	\$ 39,321
State .....	6,138	8,095	6,532
Foreign .....	5,105	3,343	1,243
	-----	-----	-----
	53,430	59,346	47,096
	-----	-----	-----
Deferred:			
Federal .....	1,928	(668)	5,995
State .....	278	(160)	1,095
Foreign .....	640	(909)	86
	-----	-----	-----
	2,846	(1,737)	7,176
	-----	-----	-----
	\$ 56,276	\$ 57,609	\$ 54,272
	=====	=====	=====

The provision for income taxes is based on income before income taxes and minority interests as follows:

	2001	2000	1999
	-----	-----	-----
		(In thousands)	
United States .....	\$133,552	\$141,212	\$121,683
Foreign .....	10,745	5,955	7,212
	-----	-----	-----
	\$144,297	\$147,167	\$128,895
	=====	=====	=====

The provision for income taxes is reconciled with the federal statutory rate as follows:

	2001 -----	2000 ----- (In thousands)	1999 -----
Federal statutory rate .....	35.0%	35.0%	35.0%
Provision computed at federal statutory rate .....	\$ 50,504	\$ 51,508	\$ 45,113
State and local taxes, net of federal tax benefit ...	4,170	5,157	4,959
Other .....	1,602	944	4,200
	-----	-----	-----
	\$ 56,276	\$ 57,609	\$ 54,272
	=====	=====	=====

The Company records deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred income tax assets and liabilities are recorded based on the differences between the financial reporting and income tax bases of assets and liabilities. Components of the Company's deferred income tax assets and liabilities at December 31, 2001 and 2000 are as follows:

	2001 -----	2000 ----- (In thousands)
Deferred income tax assets:		
Reserves and accrued expenses .....	\$ 5,074	\$ 6,110
Net operating loss carryforwards .....	2,349	4,082
Other .....	2,840	649
	-----	-----
	10,263	10,841
	-----	-----
Deferred income tax liabilities:		
Other assets .....	(13,088)	(14,418)
Employee benefit plans .....	(5,006)	--
Depreciation .....	(865)	(949)
Undistributed earnings of foreign subsidiaries ...	(1,271)	(1,271)
Other .....	(8,162)	(766)
	-----	-----
	(28,392)	(17,404)
	-----	-----
Net deferred income tax liability .....	(18,129)	(6,563)
Less: Current deferred tax asset .....	2,554	4,827
Less: Long-term deferred tax asset .....	3,946	--
	-----	-----
Long-term deferred tax liability .....	\$(24,629)	\$(11,390)
	=====	=====

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company has not established valuation allowances for these tax assets.

#### NOTE 8---SHAREHOLDERS' EQUITY

**EQUIFAX EQUITY INVESTMENT.** Equifax's equity investment includes the original investments in the Company, accumulated income of the Company, and the dividend to Equifax arising from the forgiveness of the net intercompany receivable due from Equifax reflecting transactions described in Note 5.

**TREASURY STOCK.** In September 2001, the Company's Board of Directors authorized \$100 million in common stock repurchases primarily to offset share issuances associated with employee stock-based compensation. During 2001, the Company repurchased 81,400 shares of its common stock through open market transactions at an aggregate cost of \$2.4 million. All of these shares were subsequently reissued in connection with stock option exercises in 2001.

**RIGHTS PLAN.** In June 2001, the Company's Board of Directors adopted a Shareholder Rights Plan (the "Rights Plan"). The Rights Plan contains provisions to protect the Company's shareholders in the event of an unsolicited offer to acquire the Company, including offers that do not treat all shareholders equally, the acquisition in the open market of shares constituting control without offering fair value to all shareholders, and other coercive, unfair or inadequate takeover bids and practices that could impair the ability of the Board of Directors to represent shareholders' interests fully. Pursuant to the Rights Plan, the Board of Directors declared a dividend of one Share Purchase Right (a "Right") for each outstanding share of the Company's common stock, with distribution to be made to shareholders of record as of July 6, 2001. The Rights, which will expire on July 6, 2011, initially will be represented by, and traded together with, the Company's common stock. The Rights are not currently exercisable and do not become exercisable unless certain triggering events occur. Among the triggering events is the acquisition of 20% or more of the Company's common stock by a person or group of affiliated or associated persons. Unless previously redeemed, upon the occurrence of one of the specified triggering events, each Right that is not held by the 20% or more shareholder will entitle its holder to purchase one share of common stock or, under certain circumstances, additional shares of common stock at a discounted price.



STOCK OPTIONS. Historically, the Company participated in Equifax's stock option plans (the "Equifax Plans"), which provide qualified and nonqualified stock options to officers and employees at exercise prices not less than market value on the date of grant. In connection with the Distribution, stock options under the Equifax Plans held by employees of the Company that were not exercised prior to the Distribution Date were replaced with options of Certegy. In accordance with the provisions of FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation" ("FIN 44"), Equifax stock options were replaced with Certegy stock options in amounts and at exercise prices intended to preserve the economic benefit of the Equifax stock options at such time. Accordingly, no compensation expense resulted from the replacement of the options. The exercise price of the replacement options range from \$5.79 - \$31.52.

In June 2001, the Company's Board of Directors adopted the Certegy Inc. Stock Incentive Plan (the "Plan"), pursuant to which 6.6 million shares of authorized but unissued common stock have been reserved. The Plan provides that qualified and nonqualified stock options may be granted to officers and employees at exercise prices not less than market value on the date of grant. Generally, options vest over a three-year period and are exercisable for ten years from the date of grant. The Plan also provides for awards of restricted shares of the Company's common stock. Additionally, the Company adopted the Certegy Inc. Non-Employee Director Stock Option Plan (the "Director Plan"), pursuant to which 200,000 shares of stock are available for grant to non-employee directors in the form of stock options. At December 31, 2001, there were 2.7 million and 188,000 shares available for future option grants and restricted stock awards under the Plan and the Director Plan, respectively.

A summary of changes during 2001 in outstanding options and the related weighted average exercise price per share is as follows:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
	(Shares in thousands)	
Balance, beginning of year .....	--	\$ --
Replacement options .....	3,390	21.62
Granted (at market price) ...	449	28.57
Cancelled .....	(56)	21.60
Exercised .....	(184)	22.58
	-----	-----
Balance, end of year .....	3,599	\$ 22.47
	=====	=====
Exercisable at end of year .....	2,496	\$ 21.23
	=====	=====

The following table summarizes information about stock options outstanding at December 31, 2001 (shares in thousands):

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	SHARES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
-----	-----	-----	-----	-----	-----
\$ 5.79 - \$15.92	246	2.80	\$10.35	246	\$10.35
\$17.55	568	8.08	\$17.55	559	\$17.55
\$18.77	418	7.94	\$18.77	290	\$18.77
\$19.94 - \$21.02	466	7.14	\$20.26	376	\$20.32
\$21.73 - \$22.62	9	7.55	\$22.00	3	\$22.62
\$23.72	670	9.08	\$23.72	351	\$23.72
\$24.33 - \$27.54	246	6.28	\$26.56	186	\$26.58
\$28.50	421	9.83	\$28.50	97	\$28.50
\$28.77 - \$32.14	555	4.91	\$29.65	388	\$29.49
	-----	-----	-----	-----	-----
	3,599	7.36	\$22.47	2,496	\$21.23
	=====	=====	=====	=====	=====

The weighted-average grant-date fair value per share of replacement options and options granted in 2001 under the Plan and the Director Plan is \$18.29 and \$13.02, respectively. The fair value is estimated on the date of grant using the Black-Scholes option-pricing model based on the following weighted average assumptions:

Dividend yield.....	0.0%
Expected volatility.....	43.8%
Risk-free interest rate.....	4.4%
Expected life in years.....	4.8





PRO FORMA INFORMATION. In accordance with the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), the Company has elected to apply APB Opinion No. 25 and related interpretations in accounting for its stock option plans. Accordingly, the Company does not recognize compensation cost in connection with its stock option plans. If the Company had elected to recognize compensation cost for these plans based on the fair value at the replacement date and grant dates as prescribed by SFAS 123, net income and earnings per share would have been reduced to the following pro forma amounts:

	2001 -----	2000 -----	1999 -----
Net income:	(In thousands, except per share amounts)		
As reported .....	\$87,076	\$88,462	\$74,629
Pro forma .....	\$76,471	\$79,714	\$73,487
Earnings per share (basic):			
As reported .....	\$ 1.27	\$ 1.32	\$ 1.09
Pro forma .....	\$ 1.12	\$ 1.19	\$ 1.07
Earnings per share (diluted):			
As reported .....	\$ 1.26	\$ 1.30	\$ 1.07
Pro forma .....	\$ 1.11	\$ 1.17	\$ 1.06

Pro forma net income for 1999 and 2000 noted above is based on the fair value of Equifax options held by the Company's employees. Because the SFAS 123 fair value disclosure requirements apply only to options granted after December 31, 1994, the resulting pro forma compensation cost may not be representative of that to be expected in future years.

LONG-TERM INCENTIVE PLAN. The Company's Board of Directors adopted the Certegy Inc. Key Management Long-Term Incentive Plan for certain key officers that provides for cash awards at the end of various length measurement periods based on the growth in earnings per share and/or various other criteria over the measurement period. For certain awards, the employee may elect to receive some or all of their distribution as an equity interest in the Company. Expense for this plan can vary between years due to revisions of estimates of future distributions under the plan, which are based on the likelihood that the performance criteria will be met. The total expense under this plan was \$0.8 million in 2001.

RESTRICTED STOCK. In August 2001, the Company granted approximately 133,000 shares of restricted stock to officers and other key employees, which become fully vested at the end of a 30-month vesting period. These restricted stock grants were recorded as deferred compensation, a reduction of shareholders' equity, based on the quoted fair market value of the Company's common stock on the date of grant. Compensation expense is recognized ratably during the vesting period. The compensation expense for restricted stock was \$0.7 million in 2001.

#### NOTE 9--EMPLOYEE BENEFITS

Historically, the Company participated in the Equifax employee benefit plans and was allocated a portion of the plans' costs based on an estimate of the proportion of expense related to the Company. In the opinion of management, the expenses were allocated on a reasonable basis. Effective on the Distribution Date, the Company established its own plans, which provide benefits similar to those benefits provided under Equifax's plans.

RETIREMENT PLAN. The Equifax noncontributory qualified retirement plan (the "Equifax Plan") covers most U.S. salaried employees. Benefits are primarily a function of salary and years of service. The Equifax Plan provisions and funding meet the requirements of the Employee Retirement Income Security Act of 1974, as amended. Total pension income allocated to the Company and included in the consolidated statements of income was \$2.1 million for the period from January 1, 2001 through the Distribution Date, \$3.3 million in 2000, and \$3.4 million in 1999. The components of pension income other than service costs, which were allocated directly, were allocated to the Company in proportion to total payroll costs. Effective on the Distribution Date, the Company established the Certegy noncontributory qualified retirement plan (the "Plan") and Equifax transferred to this Plan a proportionate share of assets allocable to the accrued benefits for the Company's participants under the Equifax Plan. A reconciliation of the changes in the benefit obligations and fair value of plan assets for the period from the Distribution Date through December 31, 2001, and a statement of funded status at December 31, 2001 is as follows, in thousands (information relating to accumulated benefits and plan assets as they may have been allocable to the Company's participants at December 31, 2000 and 1999 is not available):

CHANGES IN BENEFIT OBLIGATIONS:	
Benefit obligation allocated from Equifax.....	\$27,340
Service cost.....	1,175
Interest cost.....	809
Actuarial gain.....	(1,361)
	-----
Benefit obligations at end of year.....	\$27,963
	=====

CHANGES IN PLAN ASSETS:	
Fair value of plan assets allocated from Equifax.....	\$45,000
Actual return on plan assets.....	45
	-----
Fair value of plan assets at end of year.....	\$45,045
	=====
The prepaid pension cost recognized in the consolidated balance sheet is as follows:	
Funded status.....	\$17,082
Unrecognized actuarial loss.....	3,812
Unrecognized prior service cost.....	(19)
	-----
Prepaid pension cost.....	\$20,875
	=====
Net pension expense (income) includes the following components:	
Service cost.....	\$1,175
Interest cost.....	809
Expected return on plan assets.....	(1,884)
Amortization of prior service cost.....	44
	-----
Net pension expense.....	\$ 144
	=====
Significant assumptions used in accounting for the Plan are as follows:	
Discount rate.....	7.50%
Expected return on plan assets.....	9.00%
Rate of compensation increase.....	4.25%

The Company also maintains various retirement plans for certain employees in its international locations. Expenses for these plans are not material.

EMPLOYEE RETIREMENT SAVINGS PLAN. The Equifax retirement savings plan provides for annual contributions, within specified ranges, determined at the discretion of the Equifax Board of Directors, for the benefit of eligible employees in the form of cash or shares of Equifax's common stock. Effective on the Distribution Date, the Company established its own employee retirement savings plan, with substantially the same terms as the Equifax plan and annual contributions made in the form of Certegy's common stock. The Company's expenses for these plans were \$1.1 million in 2001, \$1.1 million in 2000, and \$1.8 million in 1999.

POSTRETIREMENT BENEFIT PLANS. The Equifax unfunded healthcare and life insurance benefit plans cover eligible retired employees. Substantially all U.S. employees may become eligible for these benefits if they reach normal retirement age while working for Equifax and satisfy certain years of service requirements. Equifax accrues the cost of providing these benefits over the active service period of the employee. Expenses of \$0.4 million for the period from January 1, 2001 through the Distribution Date, \$0.5 million in 2000, and \$0.6 million in 1999 were allocated to the Company in proportion to total payroll costs. Effective on the Distribution Date, the Company established its own postretirement benefit plans with substantially the same terms as the Equifax plans, and Equifax transferred to this plan a proportionate share of the accrued liability for the Company's participants under the Equifax plans. Expenses for these plans were \$0.1 million for the period from the Distribution Date through December 31, 2001. The accrued liability for these plans at December 31, 2001 was \$2.7 million, which is included in other long-term liabilities in the consolidated balance sheet.

NOTE 10---COMMITMENTS AND CONTINGENCIES

LEASES. The Company's operating leases involve principally office space and office equipment. Rental expense relating to these leases was \$9.1 million in 2001, \$12.6 million in 2000, and \$11.3 million in 1999.

Future minimum payment obligations for noncancelable operating leases exceeding one year are as follows as of December 31, 2001:

	AMOUNT
	-----
	(In thousands)
2002 .....	\$ 9,662
2003 .....	5,730
2004 .....	4,843
2005 .....	3,561
2006 .....	3,580
Thereafter .....	12,093
	-----
	\$39,469
	=====

The Company has two operating leases, under which it has guaranteed the residual value of the leased properties. In the event the properties are sold by the lessors at the end of the lease terms, the Company would be responsible for any shortfall of the sales proceeds under \$26.2 million, which approximates 79% of the value of the properties at the beginning of the lease terms. Management believes the fair market values of these properties exceed the amount of the guarantees. The Company has entered into an interest rate swap arrangement to fix the variable interest rate on one of these lease obligations (Note 2).

DATA PROCESSING SERVICES AGREEMENTS. The Company has separate agreements with EDS, IBM, and Proceda, which expire between 2004 and 2010, for portions of its computer data processing operations and related functions. The estimated aggregate contractual obligation remaining under these agreements is approximately \$270.2 million as of December 31, 2001. However, this amount could be more or less depending on various factors such as the inflation rate, the introduction of significant new technologies, or changes in the Company's data processing needs as a result of acquisitions or divestitures. Under certain circumstances, such as a change in control of the Company or for the Company's convenience, the Company may terminate these agreements. However, the agreements provide that the Company must pay a termination charge in the event of such a termination.

CHANGE IN CONTROL AGREEMENTS. The Company has agreements with certain of its officers, which provide certain severance pay and benefits in the event of a termination of the officer's employment under certain circumstances following a "change in control" of the Company. "Change in control" is defined as the accumulation by any person, entity, or group of 20% or more of the combined voting power of the Company's voting stock or the occurrence of certain other specified events. In the event of a "change in control," vesting periods and payouts under the Stock Incentive Plan and the Long-Term Incentive Plan are accelerated.

LITIGATION. A number of lawsuits seeking damages are brought against the Company each year in the ordinary course of business. The Company provides for estimated legal fees and settlements relating to pending lawsuits. In addition, a class action lawsuit is pending against the Company in the U.S. District Court for the Eastern District of California. This action is based on a claim that the Company's practice of assessing a service charge on unpaid checks allegedly violated provisions of the Federal Fair Debt Collection Practices Act and California's Unfair Business Practices Act during the period from August 1992 through December 1996. The plaintiffs seek, among other remedies, a refund of all service charges collected from California consumers during this period, prejudgment interest, statutory damages under the Fair Debt Collection Practices Act, and attorneys' fees, which amounts in the aggregate could exceed \$15 million. The Company has defended, and will continue to defend, this action vigorously; however, litigation is inherently uncertain and the Company may not prevail. In the opinion of management, the ultimate resolution of these matters individually, or in the aggregate, will not have a materially adverse effect on the Company's financial position, liquidity, or results of operations.

OPERATIONS. In its card merchant processing business, the Company processes credit and debit card transactions for direct merchant locations, as well as indirectly for bank customers. The Company's bank and direct merchant customers have the liability for any charges properly reversed by the cardholder. In the Company's direct merchant business, in the event that the Company is not able to collect such amounts from the merchants due to insolvency, bankruptcy, or another reason, the Company may be liable for any such reversed charges. The Company requires cash deposits and other types of collateral from certain merchants to minimize any such contingent liability. The Company also utilizes a number of systems and procedures to manage merchant risk. In addition, the Company believes that the diversification of its merchant portfolio among industries and geographic regions minimizes its risk of loss. The Company recognizes card merchant processing revenue based on a percentage of the gross amount charged and has a potential liability for the full amount of the charge. The Company records a valuation allowance for operational losses when such losses are probable and reasonably estimated. In the opinion of management, such allowances for losses are adequate.

The Company also has a check guarantee business. The Company charges its merchant customers a percentage of the face value of the check and guarantees payment of the check to the merchant if the check is not honored by the checkwriter's bank. The Company has the right to collect the full amount of the check from the checkwriter but has not historically recovered 100% of the guaranteed checks. The Company records a valuation allowance for losses on

uncollectible checks, based on historical and projected loss experiences.

Expenses of \$151.4 million, \$106.8 million, and \$86.1 million were recorded in 2001, 2000, and 1999, respectively, for these costs of services.

NOTE 11---QUARTERLY CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

Quarterly revenues and operating income by reportable segment (Note 12) and other summarized quarterly financial data for 2001 and 2000 are as follows (in thousands, except per share amounts):

2001 -----	FIRST -----	SECOND -----	THIRD -----	FOURTH -----
<b>Revenues:</b>				
Card Services .....	\$ 131,237	\$ 138,610	\$ 146,572	\$ 146,183
Check Services .....	63,739	66,806	71,411	86,565
	-----	-----	-----	-----
	\$ 194,976	\$ 205,416	\$ 217,983	\$ 232,748
	=====	=====	=====	=====
<b>Operating income:</b>				
Card Services .....	\$ 22,600	\$ 27,580	\$ 34,837	\$ 34,750
Check Services .....	6,105	10,482	11,386	15,529
	-----	-----	-----	-----
General corporate expense .....	28,705	38,062	46,223	50,279
	(2,215)	(2,212)	(3,502)	(3,921)
	-----	-----	-----	-----
	\$ 26,490	\$ 35,850	\$ 42,721	\$ 46,358
	=====	=====	=====	=====
Net income .....	\$ 15,239	\$ 21,269	\$ 24,059	\$ 26,509
	=====	=====	=====	=====
<b>Net income per common share:</b>				
Basic(1) .....	\$ 0.22	\$ 0.31	\$ 0.35	\$ 0.39
	=====	=====	=====	=====
Diluted(2) .....	\$ 0.22	\$ 0.31	\$ 0.35	\$ 0.38
	=====	=====	=====	=====
<b>Pro forma net income per common share:</b>				
Basic(1) .....	\$ 0.17	\$ 0.26		
	=====	=====		
Diluted(2) .....	\$ 0.17	\$ 0.26		
	=====	=====		
2000 -----	FIRST -----	SECOND -----	THIRD -----	FOURTH -----
<b>Revenues:</b>				
Card Services .....	\$ 119,244	\$ 130,157	\$ 131,602	\$ 137,507
Check Services .....	58,317	62,951	63,074	75,710
	-----	-----	-----	-----
	\$ 177,561	\$ 193,108	\$ 194,676	\$ 213,217
	=====	=====	=====	=====
<b>Operating income:</b>				
Card Services .....	\$ 17,276	\$ 27,916	\$ 32,487	\$ 33,078
Check Services .....	8,685	10,667	10,765	14,088
	-----	-----	-----	-----
General corporate expense .....	25,961	38,583	43,252	47,166
	(2,051)	(2,034)	(1,818)	(1,900)
	-----	-----	-----	-----
	\$ 23,910	\$ 36,549	\$ 41,434	\$ 45,266
	=====	=====	=====	=====
Net income .....	\$ 14,872	\$ 22,468	\$ 24,931	\$ 26,191
	=====	=====	=====	=====
<b>Net income per common share:</b>				
Basic(1) .....	\$ 0.22	\$ 0.34	\$ 0.37	\$ 0.39
	=====	=====	=====	=====
Diluted(2) .....	\$ 0.22	\$ 0.33	\$ 0.37	\$ 0.38
	=====	=====	=====	=====
<b>Pro forma net income per common share:</b>				
Basic(1) .....	\$ 0.16	\$ 0.27	\$ 0.31	\$ 0.32
	=====	=====	=====	=====
Diluted(2) .....	\$ 0.16	\$ 0.27	\$ 0.30	\$ 0.32
	=====	=====	=====	=====

(1) Prior to the third quarter of 2001, basic weighted average shares outstanding is computed by applying the distribution ratio of one share of Certegy common stock for every two shares of Equifax common stock held to the historical Equifax weighted average shares outstanding.

(2) Prior to the third quarter of 2001, diluted weighted average shares outstanding is estimated based on the dilutive effect of stock options

calculated in the third quarter of 2001.

NOTE 12---SEGMENT INFORMATION

Segment information has been prepared in accordance with SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information" ("SFAS 131"). The Company has two segments: credit and debit card processing (Card Services) and check risk management services (Check Services). Segments were determined based on products and services provided by each segment (Note 1) and represent components of the Company about which separate internal financial information is maintained and evaluated by senior management in deciding how to allocate resources and in assessing performance. The accounting policies of the segments are the same as those described in the Company's summary of significant accounting policies (Note 2). The Company evaluates the segment performance based on its operating income. Intersegment sales and transfers, which are not material, have been eliminated.

Segment information for 2001, 2000, and 1999 is as follows (dollars in thousands):

	2001		2000		1999	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Revenues:						
Card Services .....	\$ 562,602	66%	\$ 518,510	67%	\$ 443,904	65%
Check Services .....	288,521	34	260,052	33	237,268	35
	-----	---	-----	---	-----	---
	\$ 851,123	100%	\$ 778,562	100%	\$ 681,172	100%
	=====	===	=====	===	=====	===
Operating income:						
Card Services .....	\$ 119,767	73%	\$ 110,757	71%	\$ 96,368	71%
Check Services .....	43,502	27	44,205	29	38,441	29
	-----	---	-----	---	-----	---
	163,269	100%	154,962	100%	134,809	100%
General corporate expense ...	(11,850)		(7,803)		(7,324)	
	-----		-----		-----	
	\$ 151,419		\$ 147,159		\$ 127,485	
	=====		=====		=====	
Total assets at December 31:						
Card Services .....	\$ 511,149	73%	\$ 419,270	83%	\$ 414,786	84%
Check Services .....	133,556	19	83,175	17	80,469	16
Corporate .....	52,868	8	--	--	--	--
	-----	---	-----	---	-----	---
	\$ 697,573	100%	\$ 502,445	100%	\$ 495,255	100%
	=====	===	=====	===	=====	===

	2001	2000	1999
Depreciation and amortization:			
Card Services .....	\$ 38,789	\$ 36,038	\$ 28,493
Check Services .....	6,811	6,660	7,265
Corporate .....	77	--	--
	-----	-----	-----
	\$ 45,677	\$ 42,698	\$ 35,758
	=====	=====	=====
Capital expenditures:			
Card Services .....	\$ 36,982	\$ 35,478	\$ 47,502
Check Services .....	10,139	3,311	2,609
Corporate .....	2,228	--	--
	-----	-----	-----
	\$ 49,349	\$ 38,789	\$ 50,111
	=====	=====	=====

Financial information by geographic area is as follows (dollars in thousands):

	2001		2000		1999	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Revenues (based on location of customer):						
United States .....	\$ 689,106	81%	\$ 615,221	79%	\$ 548,192	80%
United Kingdom .....	62,579	7	62,512	8	47,189	7
Brazil .....	63,123	8	66,483	9	54,904	8
Other .....	36,315	4	34,346	4	30,887	5
	-----	---	-----	---	-----	---
	\$ 851,123	100%	\$ 778,562	100%	\$ 681,172	100%
	=====	===	=====	===	=====	===





	2001		2000		1999	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Long-lived assets at December 31:						
United States .....	\$ 200,924	49%	\$ 142,696	47%	\$ 134,455	49%
United Kingdom .....	54,481	13	50,351	17	37,960	14
Brazil .....	133,548	32	87,963	29	94,207	35
Other .....	25,714	6	22,228	7	6,677	2
	-----	---	-----	---	-----	---
	\$ 414,667	100%	\$ 303,238	100%	\$ 273,299	100%
	=====	===	=====	===	=====	===

Revenues from external customers by product and service offering are as follows  
(dollars in thousands):

	2001		2000		1999	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Card Issuer Services .....	\$ 370,026	44%	\$ 356,132	46%	\$ 308,796	45%
Check Services .....	288,521	34	260,052	33	237,268	35
Merchant Processing Services .....	182,843	21	149,276	19	111,863	16
Card Issuer Software and Support .....	9,733	1	13,102	2	23,245	4
	-----	---	-----	---	-----	---
	\$ 851,123	100%	\$ 778,562	100%	\$ 681,172	100%
	=====	===	=====	===	=====	===

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS AS TO SCHEDULE

We have audited in accordance with auditing standards generally accepted in the United States, the financial statements included in Certegy Inc.'s annual report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated February 8, 2002. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule below is the responsibility of Certegy's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

Atlanta, Georgia  
February 8, 2002

CERTEGY INC.  
CONSOLIDATED SCHEDULE II  
VALUATION AND QUALIFYING ACCOUNTS  
(IN THOUSANDS)

COLUMN A ----- DESCRIPTION -----	COLUMN B ----- BALANCE AT BEGINNING OF PERIOD -----	COLUMN C ----- ADDITIONS - CHARGED TO COSTS AND EXPENSES -----	COLUMN D ----- UNCOLLECTIBLE ACCOUNTS - WRITE-OFFS(1) -----	COLUMN E ----- BALANCE AT END OF PERIOD -----
Trade Receivable Allowances				
December 31, 1999 .....	\$ 1,595	\$ 2,397	\$ 1,773	\$ 2,219
December 31, 2000 .....	\$ 2,219	\$ 1,310	\$ 1,381	\$ 2,148
December 31, 2001 .....	\$ 2,148	\$ 1,330	\$ 940	\$ 2,538
Allowances for Card transaction losses and Check claim losses (2)				
December 31, 1999 .....	\$ 7,926	\$ 86,104	\$ 88,650	\$ 5,380
December 31, 2000 .....	\$ 5,380	\$ 106,758	\$ 107,434	\$ 4,704
December 31, 2001 .....	\$ 4,704	\$ 151,355	\$ 154,083	\$ 1,976

(1) Amounts in this column for Card and Check loss activity represent payments to merchants for these losses. Declining year-end balances have been driven by quicker settlement of losses with merchants.

(2) Included in other current liabilities.

## CERTEGY INC. SUBSIDIARIES AS OF FEBRUARY 28, 2002

Accu Chek, Inc.  
AGES Participacoes S.A.  
Aircrown Ltd.  
Card Brazil Holdings, Inc.  
Card Brazil LLC  
Central Credit Services, Ltd.  
Certegy Asia Pacific Holdings, Inc.  
Certegy Asset Management, Inc.  
Certegy Australia PLC  
Certegy Canada, Inc.  
Certegy Capital, Inc.  
Certegy Card Services Australia Pty Ltd.  
Certegy Card Services, Inc.  
Certegy Card Services Ltd.  
Certegy Card Services S.A.  
Certegy Check Services, Inc.  
Certegy E-Banking Services, Inc.  
Certegy Europe LLC  
Certegy First Bankcard Systems, Inc.  
Certegy Global Card Services, Inc.  
Certegy Ireland Limited  
Certegy Licensing Services, Inc.  
Certegy New Zealand Ltd.  
Certegy Payment Recovery Services, Inc.  
Certegy Payment Services, Inc.  
Certegy Ltd.  
Certegy Ltda.  
Certegy Pty Ltd.  
Certegy S.A.  
Certegy SNC  
Credit Union Card Services, Inc.  
Equifax (Cayman Islands) Limited  
Financial Institution Benefits Association  
Financial Insurance Marketing Group, Inc.  
Retail Credit Management Ltd.  
Partech Ltda.  
Payment Brasil Holdings Ltda.  
Payment Chile S.A.  
Payment South America Holdings, Inc.  
Payment South America LLC  
Transax France PLC  
Transax PLC  
Viv plc

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports incorporated by reference and included in this Form 10-K into the Company's previously filed Registration Statements on Form S-8, File No. 333-64462 and File No. 333-63342.

/s/ Arthur Andersen LLP

Atlanta, Georgia  
March 25, 2002

**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
  - Definitive Proxy Statement
  - Definitive Additional Materials
  - Soliciting Material under Rule 14a-12
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Certegy Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Lee A. Kennedy  
Chairman, President  
and Chief Executive Officer

Certegy Inc.  
11720 Amber Park Drive  
Suite 600  
Alpharetta, Georgia 30004

March 25, 2002

Dear Shareholder:

You are cordially invited to attend the first annual meeting of shareholders of Certegy Inc. The meeting will be held on Thursday, May 16, 2002, at 11:00 a.m., local time, at the Four Seasons Hotel, 75 Fourteenth Street, Atlanta, Georgia.

The attached proxy statement, with formal notice of the meeting on the first page, describes the matters expected to be acted on at the meeting. We urge you to review these materials carefully and to take this opportunity to participate in Certegy's affairs by voting on the matters described in the proxy statement. We have also enclosed our 2001 annual report to shareholders, which among other things, contains certain financial information for our company's 2001 fiscal year.

Your vote is important. Regardless of whether you plan to attend the meeting in person, please complete the enclosed proxy card and return it promptly, or vote by using any other method described on your proxy card. If you attend the meeting, you may continue to have your shares voted as instructed in the proxy, or you may withdraw your proxy at the meeting and vote your shares in person.

We look forward to seeing you at the meeting.

Sincerely,



Lee A. Kennedy  
*Chairman, President and Chief Executive Officer*

:certegy

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**CERTEGY INC.**  
**11720 Amber Park Drive, Suite 600**  
**Alpharetta, Georgia 30004**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON MAY 16, 2002**

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The 2002 annual meeting of shareholders of Certegy Inc. will be held on Thursday, May 16, 2002, at 11:00 a.m., local time, at the Four Seasons Hotel, Atlanta, Georgia. At the meeting, shareholders will vote upon the following proposals:

1. Election of one director to serve until the 2005 annual meeting of shareholders;
2. Approval of the Certegy Inc. Stock Incentive Plan;
3. Approval of the Certegy Inc. Key Management Long-Term Incentive Plan; and
4. Any other matters as may properly come before the meeting and any adjournment or postponement of the meeting.

You may vote if you are a shareholder of record as of the close of business on March 15, 2002. If you do not plan to attend the meeting and vote your shares of common stock in person, please mark, sign, date, and promptly return the enclosed proxy card in the postage-paid envelope, or vote using any other method that may be described on your proxy card.

Any proxy may be revoked at any time prior to its exercise at the annual meeting.

By Order of the Board of Directors



Bruce S. Richards  
*Secretary*

March 25, 2002

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CERTEGEY INC.  
11720 Amber Park Drive, Suite 600  
Alpharetta, Georgia 30004

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**PROXY STATEMENT**

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This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Certegey Inc. for use at the 2002 annual meeting of shareholders to be held on Thursday, May 16, 2002, at 11:00 a.m., local time, at the Four Seasons Hotel, 75 Fourteenth Street, Atlanta, Georgia, and at any adjournments or postponements of the annual meeting.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

**What is the purpose of the annual meeting?**

At the annual meeting, shareholders will act upon the matters set forth in the accompanying notice of meeting, including the election of one director, the approval of two incentive plans, and any other matters that may properly come before the meeting.

**Who is entitled to vote?**

All shareholders of record of Certegey's common stock (including shareholders through Certegey's 401(k) plan) at the close of business on March 15, 2002, which is referred to as the record date, are entitled to receive notice of the annual meeting and to vote the shares of common stock held by them on the record date. Each outstanding share of common stock entitles its holder to cast one vote for each matter to be voted upon.

**How do I vote?**

If your shares of common stock are held by a broker, bank, or other nominee (i.e., in "street name"), you will receive instructions from your nominee, which you must follow in order to have your shares voted. Your nominee may offer you different methods of voting, such as by telephone or Internet.

If you hold your shares of common stock in your own name as a holder of record, you may vote in person at the annual meeting or instruct the proxy holders named in the enclosed proxy card how to vote your shares by marking, signing, dating, and returning the proxy card in the postage-paid envelope that we have provided to you.

Proxies that are executed, but do not contain any specific instructions, will be voted "FOR" the election of the nominee for director specified in this proxy statement, and "FOR" approval of each of the two incentive plans submitted for approval.

**Who can attend the meeting?**

All shareholders of record of Certegey's common stock at the close of business on the record date, or their designated proxies, and management's guests, are authorized to attend the annual meeting.

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If you plan to attend the annual meeting, please check the appropriate box on the enclosed proxy. If you hold your Certegy shares in “street name”—for instance, through a broker or through Certegy’s 401(k) plan trustee—you must request a proxy from your broker or other nominee holding your shares in record name on your behalf in order to attend the meeting and vote at that time (your broker may refer to it as a “legal” proxy).

### **What are the quorum and voting requirements to elect the nominee for director and approve the incentive plans?**

The presence, in person or by proxy, of holders of at least a majority of the total number of outstanding shares of common stock entitled to vote is necessary to constitute a quorum for the transaction of business at the annual meeting. As of the record date, there were 69,432,665 shares of common stock outstanding.

The required vote and details as to the counting of votes for quorum and approval purposes for each item of business at the annual meeting is as follows:

- For proposal 1, the election of a director, the nominee receiving the greatest number of votes at the annual meeting will be elected, even though that nominee may not receive a majority of the votes cast.
- For proposals 2 and 3, the approval of the Certegy Inc. Stock Incentive Plan and the Certegy Inc. Key Management Long-Term Incentive Plan, respectively, the approval of a majority of the votes cast is required.

For any other business at the annual meeting, the vote of a majority of the shares voted on the matter will constitute the act of the shareholders on that matter, unless the law requires the vote of a greater number.

### **How are votes counted?**

Each share of common stock is entitled to one vote on each matter submitted to the shareholders. For the three proposals up for vote, abstentions and “broker non-votes” will be counted only for purposes of establishing a quorum, but will not otherwise affect the outcome of the vote. Broker non-votes are proxies received from brokers or other nominees holding shares on behalf of their clients who have not received specific voting instructions from their clients with respect to non-routine matters. Under New York Stock Exchange rules, brokers and other nominees do not have discretionary voting power to vote those shares on non-routine matters without specific voting instructions from the beneficial owners of the shares.

In counting the votes cast, only those cast “for” and “against” a matter are included, although you cannot vote “against” a nominee for director. Because directors are elected by a plurality of the votes cast in favor, votes to “withhold authority” to vote for a certain nominee will have no effect.

If you hold your shares of common stock in your own name as a holder of record, and you fail to vote your shares, either in person or by proxy, the votes represented by your shares will not affect the vote. If, however, your shares are held in “street name” and you fail to give instructions as to how you want your shares voted, the broker, bank or other nominee may vote the shares in their own discretion on certain routine matters.

### **Will other matters be voted on at the annual meeting?**

We are not aware of any other matters to be presented at the annual meeting other than those described in this proxy statement. If any other matters not described in the proxy statement are properly presented at the meeting, proxies will be voted in accordance with the best judgment of the proxy holders.

**Can I revoke my proxy?**

You may revoke your proxy at any time before it has been exercised by:

- Filing a written revocation with the Secretary of Certegy at the following address: 11720 Amber Park Drive, Suite 600, Alpharetta, Georgia 30004;
- Filing a duly executed proxy bearing a later date; or
- Appearing in person and voting by ballot at the annual meeting.

Any shareholder of record as of the record date attending the annual meeting may vote in person whether or not they previously have given a proxy, but the presence (without further action) of a shareholder at the annual meeting will not constitute revocation of a previously given proxy.

**What other information should I review before voting?**

Our 2001 annual report to shareholders, including financial statements for the fiscal year ended December 31, 2001, is being mailed to shareholders concurrently with this proxy statement. The annual report, however, is not part of the proxy solicitation material. A copy of our annual report filed with the Securities and Exchange Commission (the SEC) on Form 10-K, including the financial statements and the financial statement schedules, may be obtained without charge by:

- Writing to the Secretary of Certegy at the following address: 11720 Amber Park Drive, Suite 600, Alpharetta, Georgia 30004; or
- Accessing the EDGAR database at the SEC's website at [www.sec.gov](http://www.sec.gov).

You may also obtain copies of our Form 10-K from the SEC at prescribed rates by writing to the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information on the SEC's public reference rooms.

**PROPOSAL 1: ELECTION OF DIRECTOR**

**Introduction**

The Board of Directors is responsible for directing the management of the company. The Board currently consists of seven members, who are divided into three classes. One of those, Mr. Kennedy, is an officer of the company.

Class I has two directors, whose terms expire at this year's annual meeting of shareholders. Class II has three directors, whose terms expire at the 2003 annual meeting. Class III has two directors, whose terms expire at the 2004 annual meeting. Commencing with this year's annual meeting, directors for each class will be elected at the annual meeting held in the year in which the terms for those directors expire, and they will serve for three-year terms.

Thomas F. Chapman, a Class I director, has informed the Board that he will not seek reelection at the annual meeting, but will continue to serve until that meeting. Mr. Chapman had served as Chairman of the Board until February 12, 2002. On February 12, the Board elected Lee A. Kennedy as Chairman to succeed Mr. Chapman as part of the succession plan put in place when Mr. Chapman agreed to serve as Chairman for a one-year period following the company's spin-off from Equifax last year. The Board has begun a search for a new director to fill the vacancy that will be created, and currently intends to appoint that director after its search is completed. Consequently, the Board has nominated one person for election as a Class I director, to serve for the three-year term expiring in 2005 and until his successor is duly elected and qualified.

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The Board has nominated Charles T. Doyle to serve as Class I director. Mr. Doyle currently is a director, and his present term expires at this year's annual meeting. If Mr. Doyle is unable to accept election, proxies will be voted for the election of another candidate recommended by the Board.

### **Recommendation**

The Board of Directors unanimously recommends a vote FOR the nominee.

### **Information Regarding Nominee and Other Directors**

The following are brief biographies as of February 28, 2002, furnished by the respective individuals, for the nominee for election as director at the annual meeting, and the incumbent directors who are not up for election at this annual meeting (other than Mr. Chapman, who will not serve past the annual meeting).

#### *Nominee for Election as Class I Director – Term Expiring 2005*

**Charles T. Doyle** has served as a director of Certegy since June 29, 2001. Mr. Doyle has served as Chairman of the Board of Texas First Bank, an independent community bank in Galveston County, Texas, since October 1972, and as Chairman and Chief Executive Officer of Texas Independent Bancshares, Inc., of Texas City, a provider of correspondent banking services to community banks since July 1979. He has also served as Chairman of the Board of Rust, Ewing, Watt & Haney, Inc., an independent general insurance agency and subsidiary of Texas Independent Bancshares, since September 2000. From January 1996 until December 1998, Mr. Doyle was on the Federal Advisory Council to the Board of Governors of the Federal Reserve, and from January 1985 to December 1991, he served as Director of the Federal Reserve Bank in Dallas, Texas. Mr. Doyle currently serves as a director of bank card associations VISA USA, Inc., VISA International, Inc. and Inovant, a transaction processor for merchants and issuers of credit cards. He is 67 years old.

#### *Incumbent Class II Directors – Term Expiring 2003*

**Robert H. Bohannon** has served as a director of Certegy since June 29, 2001. Mr. Bohannon currently serves as the Chairman of the Board, President and Chief Executive Officer of Viad Corp., a payments and conventions and events services provider, positions he has held since January 1997. He joined Viad in 1993, serving as President and Chief Executive Officer of Travelers Express Company, the payment services and money order subsidiary of Viad, until August 1996, when he was appointed President and Chief Operating Officer of Viad after its spin-off of The Dial Corporation, a consumer products company. Mr. Bohannon currently serves as a director of Viad, and has been a member of Viad's board since 1996. He is 57 years old.

**Richard N. Child** has served as a director since June 29, 2001. Mr. Child has served as a business consultant to the financial and payments industry since June 2000. From November 1999 to May 2000, he served as Executive Vice President of ZonaFinanciera.com., a financial services portal. Mr. Child served as Executive Vice President for MasterCard International, a global bank card association, and as President of its Latin American division, from January 1996 to April 1999. He is 45 years old.

**Lee A. Kennedy** has served as our President, Chief Executive Officer and a director since March 5, 2001, and as Chairman of the Board of Directors since February 12, 2002. Mr. Kennedy served as President, Chief Operating Officer, and a director of Equifax Inc. from June 1999 until June 29, 2001. From June 1997 to June 1999, Mr. Kennedy served as Executive Vice President and Group Executive of Equifax. From July 1995 to July 1997 he served as President of Equifax Payment Services, a division of Equifax. He is 51 years old.

#### *Incumbent Class III Directors – Term Expiring 2004*

**David K. Hunt** has served as a director since June 29, 2001. Mr. Hunt currently serves as Chief Executive Officer of PlanSoft Corporation, an Internet-based business-to-business solutions provider in the meeting and convention industry, a position he has held since May 1999. From January 1997 to April 1999, he served as

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President, Chief Executive Officer, and a director of Global Payment Systems, a transaction processing service provider. Mr. Hunt served as President and Chief Executive Officer of AT&T Universal Card Services Corporation, a credit card issuer, from April 1993 to November 1996. He is 56 years old.

**Kathy Brittain White** has served as a director of Certegy since June 29, 2001. Ms. White currently serves as Executive Vice President—E-Business and Chief Information Officer of Cardinal Health, a health care products and services company, positions she has held since March 1999. From October 1996 to March 1999, she served as Senior Vice President and Chief Information Officer of Allegiance Healthcare, a provider of health care products and cost management services to the health care industry. She is 52 years old.

### **Committees of the Board of Directors**

**Audit Committee.** Messrs. Hunt, Child, and Doyle serve on the Audit Committee, with Mr. Hunt as chairperson. The Committee conducts its duties pursuant to its written charter, which duties include review of (1) our financial reports and other financial information, (2) our systems of internal controls regarding finance, accounting, legal compliance, and ethics and (3) our auditing, accounting, and financial reporting processes. The Committee annually recommends to the Board the firm to elect as the company's independent accountants. The Audit Committee also consults with our independent accountants, approves the scope of their audit and other work, and meets with members of our management including our director of internal audit. The Audit Committee met three times in 2001. The report of the Audit Committee is included in this proxy statement. The report is not part of the proxy solicitation material.

**Compensation and Human Resources Committee.** Ms. White and Messrs. Bohannon and Hunt serve on the Compensation and Human Resources Committee, with Ms. White as chairperson. The Committee conducts its duties pursuant to its written charter, which sets forth its responsibility for approving and monitoring executive compensation plans, policies, and programs, and advising management on succession planning and other significant human resources matters. As part of its responsibilities, the Committee reviews and sets salaries and establishes incentive compensation awards for our executive officers, except that the salary and incentive compensation of the chief executive officer must be ratified by the Board. In addition, the Committee will monitor the effectiveness and funded status of our retirement plans, and approve or review significant employee benefit plan actions.

The Compensation Committee met three times in 2001. The Compensation and Human Resources Committee Report on Executive Compensation appears in this proxy statement. This report is not part of the proxy solicitation material.

### **Directors and Committee Meetings during 2001**

The Board of Directors met seven times in 2001 (including meetings prior to the spin-off). Each director attended at least 75% of the aggregate of (1) the total number of meetings of the Board of Directors (held during the period for which he or she has been a director) and (2) the total number of meetings of all committees of the Board of Directors on which the director served (during the periods that he or she served).

## **PROPOSAL 2: APPROVAL OF CERTEGY INC. STOCK INCENTIVE PLAN**

### **Introduction to and Purpose of the Certegy Inc. Stock Incentive Plan**

The Board of Directors adopted the Certegy Inc. Stock Incentive Plan (formerly known as the Certegy Inc. 2001 Stock Incentive Plan) effective as of June 15, 2001. The Plan was approved by Certegy's sole shareholder, Equifax Inc., prior to the company's spin-off from Equifax. On February 28, 2002, the Compensation and Human Resources Committee of the Board of Directors amended and restated the Plan, contingent on shareholder approval of the amended and restated Plan, to, among other things, reduce the number of shares authorized under the Plan.



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The company is asking that Certegy's current shareholders approve the amended and restated Plan to ensure that (1) the company be allowed to deduct for federal income tax purposes all compensation pursuant to stock option awards and certain performance-based compensation earned under the Plan by the named executive officers, and (2) certain stock option awards under the Plan will qualify for the favorable income tax treatment applicable to incentive stock options. See "Federal Income Tax Consequences to the Company and the Participants" below.

The Board of Directors believes that the Plan will play an integral role in the ability of the company to attract and retain employees and directors. Moreover, the Plan should benefit Certegy's shareholders by aligning the interests of management and the Board with the interests of all of the company's shareholders.

The following description of the material features of the Plan is a summary and is qualified in its entirety by reference to the Plan, the full text of which has been filed as an exhibit to the company's annual report on Form 10-K filed with the SEC. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

### **Plan Administration**

The Compensation and Human Resources Committee of our Board of Directors administers the Plan. The Committee has the discretion to delegate to one or more of our officers its authority and duties under this Plan with respect to participants who are not subject to the reporting and other requirements of Section 16 of the Exchange Act. The Committee has the right to terminate the Plan at any time, or amend the Plan, so long as the termination or amendment does not adversely affect any rights of any participant with respect to outstanding awards without that participant's consent.

### **Eligibility**

The Committee or its delegate is authorized to make awards under the Plan to any of our officers or other key employees, or others performing services for us or any officers, other key employees, or service providers of our subsidiaries, and to award stock options or restricted stock to our non-employee directors.

### **Description of Awards**

*General.* The Committee or its delegate has the authority to award:

- Stock options, including both incentive and non-qualified stock options; and
- Restricted stock.

The total number of shares that may be issued pursuant to awards made under this Plan is 6,600,000, plus, commencing on January 1, 2002, and on each subsequent January 1, ending on January 1, 2008, additional shares equal to 1/2% of the number of shares of our common stock issued and outstanding on that date. The number of shares available will be adjusted to account for shares relating to awards that expire or are transferred, surrendered, or relinquished upon payment of any option price by transfer of shares or upon satisfaction of any withholding amount. The total number of shares issued upon exercise of all incentive stock options under the Plan will not exceed 10,000,000 shares. These totals, and the individual limits described below, may be adjusted by the Committee in its discretion to reflect any change in the number of shares of common stock due to any stock dividend, stock split, combination, recapitalization, merger, spin-off, or similar corporate transaction. No individual participant will be awarded option rights for more than 350,000 shares during any calendar year, and no more than 200,000 shares of restricted stock may be awarded to any individual participant during any calendar year. No non-employee director may be awarded options and restricted stock, in the aggregate, for more than 20,000 common shares in any one calendar year.

*Options.* The vesting schedule, duration of the option, and other specific terms of an option award, will be fixed by the Committee and described in an agreement. If specified in the option agreement, options may become fully vested and exercisable if we experience a change in control as defined in the Plan. The terms of an option award also may provide for additional options to be awarded at then current market value to an option holder upon exercise. Further, any option award may specify management objectives that must be achieved as a condition to

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exercise. For this purpose, a management objective means a measurable performance objective, either company-wide or related to a particular subsidiary, division, department, region, or function in which a participant is employed, and may relate to periods of one or more years.

The exercise price of any stock option awarded under this Plan generally will be not less than 100% of the market value of our stock on the date of award. The Committee will not, without the further approval of the shareholders, except for certain capital adjustments, restructurings, or reorganizations, have the authority to re-price any outstanding option rights to reduce the exercise price. Participants will have the right to exercise an option by making payment in any one or more of the following ways, as specified at the time of award:

- By cash or check;
- By transfer of shares of our stock that have been owned by the participant for at least six months, or with respect to options that do not qualify as incentive stock options, by transfer of restricted shares or other option rights; or
- By cashless exercise, where a bank or broker-dealer we have approved sells some of the shares acquired and delivers the proceeds to us.

*Restricted Stock.* The Committee may authorize awards of restricted stock, which may or may not require additional payment. The Committee may subject awards to certain conditions that will constitute a risk of forfeiture, which may include management objectives as described above or requirement of continued employment through a certain date. Any restricted stock award may require that all dividends or other distributions paid during the period of restriction be subject to these conditions.

### **Termination of Awards**

The terms of an award may provide that it will terminate, among other reasons, upon the holder's termination of employment or other status with the company or its subsidiaries, upon a specified date, upon the holder's death or disability, or upon the occurrence of a change in control. Also, the Committee may, within the limitations of the Plan, provide in the award agreement for the acceleration of vesting for any of the above reasons.

### **Options to Foreign Nationals**

The Plan specifically authorizes the Committee to provide for special terms for awards to persons who are foreign nationals or employed outside the U.S., as the Committee considers necessary to accommodate differences in local law, tax policy, or custom. The Committee has the authority to approve supplements or amendments, restatements, or alternative versions of the Plan, as it considers necessary or appropriate for these purposes.

### **Federal Income Tax Consequences to the Company and the Participants**

*Options.* Some of the options awarded under the Plan may be incentive stock options, also referred to as ISOs, within the meaning of Section 422 of the Internal Revenue Code. Under present federal tax laws, there are no federal income tax consequences to either the participant or us upon the award or exercise of an ISO. If the participant does not dispose of the stock acquired through the ISO within two years of the date of award or one year of the date of exercise, any gain realized from a subsequent disposition would constitute long-term capital gain to the participant. If the participant does dispose of the stock prior to the expiration of either of those holding periods, any gain equal to the excess of the fair market value of the stock on the date of exercise or, if less, the amount realized on the disposition of the stock if a sale or exchange, over the option price would constitute ordinary income to the participant. Any additional gain realized upon the disposition would be taxable either as a short-term capital gain or long-term capital gain, depending upon how long the participant held the stock. We would receive a deduction in the amount of any ordinary income recognized by the participant.

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Stock options that do not constitute ISOs, which are also known as non-qualified options, may also be awarded under the Plan. Under present federal tax laws, there are no federal income tax consequences to either the participant or us upon the award of a non-qualified option. However, the participant will realize ordinary income upon the exercise of a non-qualified option in an amount equal to the excess of the fair market value of the stock acquired at the time of exercise over the option price, and we will receive a corresponding deduction. Any gain realized upon a subsequent disposition of the stock will constitute either a short-term or long-term capital gain to the participant, depending on how long it is held.

**Restricted Stock.** Unless the participant makes a special tax election, restricted stock awards are not taxable to the participant as long as the shares remain nontransferable and subject to a substantial risk of forfeiture. When the transferability restrictions and forfeiture risks are removed, the participant generally will recognize as ordinary income the fair market value of the stock, less any amounts that were paid to acquire the stock. We will receive a federal income tax deduction equal to the amount of ordinary income realized by the participant.

Participants are required to pay tax due upon exercise of a non-qualified stock option, a lapse of restrictions on restricted stock, or some other recognition event. In the discretion of the Committee, a participant may satisfy their tax obligations by selling or forfeiting a portion of the shares awarded that would be realized from the award.

**Compliance with Section 162(m) of the Internal Revenue Code.** Section 162(m) of the Code denies an income tax deduction by an employer for certain compensation in excess of \$1 million per year paid by a publicly traded corporation to the chief executive officer or any of the four most highly compensated executive officers other than the chief executive officer. Compensation realized with respect to stock options awarded under the Plan, including upon exercise of a non-qualified stock option or upon a disqualifying disposition of an incentive stock option, as described above, will be excluded from this deductibility limit if it satisfies certain requirements, including a requirement that the Plan be approved by the company's current shareholders. In addition, other types of awards under the Plan may be excluded from this deduction limit if they are conditioned on the achievement of one or more of the management objectives described above, as required by Section 162(m). To satisfy the requirements that apply to "performance-based" compensation, our current shareholders must approve those management objectives, and approval of the Plan will also constitute approval of those objectives.

### **Stock Incentive Plan Awards**

As of February 28, 2002, options for 4,654,299 shares of common stock and 392,582 shares of restricted stock were outstanding under the Stock Incentive Plan. The majority of the options were converted from options previously awarded under a plan of Equifax in connection with our spin-off from Equifax on July 7, 2001. In addition to the options converted from Equifax, those options and shares of restricted stock include (1) options and restricted stock awarded as part of the company's 2001 long-term incentive award (see discussion of the 2001 long-term incentive award under "Incentive Compensation—*Long-Term Incentive Compensation*."), (2) options and restricted stock awarded in February 2002, which comprise a consolidated long-term incentive award for both 2002 and 2003, and (3) options awarded in February 2002 pursuant to elections by officers and certain other management to receive all or a portion of their 2001 annual incentive payouts in stock options. The market value of the shares underlying the outstanding stock options, based on the closing price of our common stock on February 28, 2002 and not taking into account payment of the exercise price by option holders, was \$187,491,628.

The Committee will make future awards at its discretion, and we cannot determine the number of options and other awards that may be awarded in the future to eligible participants. The table below shows, for the indicated persons and groups, the number of shares underlying options awarded under the Plan from the adoption of the Plan through February 28, 2002.

**Outstanding Stock Incentive Plan Option Awards**

Name and Position	Number of Shares (1)
Charles T. Doyle Nominee for Director	2,000
Lee A. Kennedy Chairman, President and Chief Executive Officer	567,167
Larry J. Towe Executive Vice President and Chief Operating Officer	389,809
Michael T. Vollkommer Corporate Vice President and Chief Financial Officer	175,654
Gerald A. Hines Senior Vice President and Group Executive—Card Services	253,136
Bruce S. Richards Corporate Vice President, General Counsel and Secretary	215,877
All executive officers as a group (11 persons)	2,056,724
Non-employee directors as a group (6 persons)	12,000
Non-executive officer employees as a group	2,585,575

- (1) 2,977,850 of the total number of option shares outstanding under the Stock Incentive Plan underlie options originally awarded by Equifax and converted into Certegy options in connection with the spin-off. The options also include (1) those options awarded as part of the 2001 long-term incentive award, (2) those awarded in February 2002 as part of a consolidated long-term incentive award for both 2002 and 2003, and (3) options awarded in February 2002 pursuant to elections by officers and certain other management to receive all or a portion of their 2001 annual incentive payouts in stock options.

**Recommendation**

The Board of Directors recommends a vote “FOR” approval of the Certegy Inc. Stock Incentive Plan.

**PROPOSAL 3: APPROVAL OF CERTEGY INC. KEY MANAGEMENT  
LONG-TERM INCENTIVE PLAN**

The Board of Directors adopted the Certegy Inc. Key Management Long-Term Incentive Plan, or LTIP (formerly known as the Certegy Inc. 2001 Key Management Long-Term Incentive Plan), effective as of June 15, 2001. The Plan was approved by Certegy’s sole shareholder, Equifax Inc., prior to the company’s spin-off from Equifax. The company is asking that Certegy’s current shareholders approve the Plan to ensure that the company be allowed to continue to deduct for federal income tax purposes all compensation earned under the Plan by the named executive officers. See “Federal Income Tax Consequences to the Company and the Participant” below.

The company established the LTIP to provide short-term and long-term incentive compensation to our officers and other key management personnel who make substantial contributions to our success, and to assist in attracting and retaining the highest quality individuals in key executive positions. Awards under the LTIP are tied directly to the attainment of specific, objective performance targets, which aligns the interests of management with the interests of all of Certegy’s shareholders. The following description of the material features of the Plan is a summary and is qualified in its entirety by reference to the Plan, the full text of which has been filed as an exhibit to the registration statement on Form 10 that we have filed with the SEC. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

**Plan Administration**

The Compensation and Human Resources Committee of our Board of Directors administers the Plan. The Board has the authority to amend, suspend, or terminate the Plan as long as that action does not adversely affect any award that is already outstanding under the Plan. No awards may be made under the Plan after the tenth anniversary of the date our Board approved the Plan.

## **Eligibility**

The Committee is authorized in its discretion to make awards under the Plan to any of our officers and other key management personnel and any officers and other key management personnel of any of our subsidiaries.

## **Determination and Payment of Benefits**

The Committee determines the amount of each award and establishes “performance-based” management objectives that will form the basis for each award. Those management objectives will consist of specified levels of, or growth in, one or more of the following areas, and may be an average over the applicable measurement period: earnings, earnings per share, economic value added, revenue, sales, operating profit, net income, total return to shareholders, market share, profit margin, cash flow/net assets ratio, debt/capital ratio, return on total capital, return on equity, return on assets, and common stock price. Management objectives may be company-wide or related to a specific division, subsidiary, affiliate, department, region, or function in which the participant is employed. Management objectives also may be made relative to the performance of other companies. The relevant measurement period may consist of a portion of a year, a single year, a number of years or some other period, and the participant may lose any potential payout in whole or in part if their employment terminates during the measurement period. If the participant’s employment terminates prior to the end of the measurement period as a result of death, disability, or retirement, the Committee may authorize a pro rata payout on an award to the participant despite the termination.

The company will pay out on the incentive awards amounts based on the extent to which the management objectives are achieved. If minimum levels are not achieved, the payout will pay zero. Further, the Committee will have the discretion to reduce the payout on any incentive from the amount that otherwise would be payable, or to determine that no portion of the award will be paid. The Committee may not increase the payout on any incentive beyond the amount otherwise payable. In addition, the actual performance results may be adjusted to take into account significant or unusual items, for example, acquisitions, dispositions or equity restructurings, or other significant items such as accounting or tax charges. The Committee may provide participants with the right to elect to convert their right to receive a cash payout on an award to stock options or other equity interests.

If there is a change in control of our company, as defined in the Plan, during a measurement period, participants will be entitled to receive varying levels of payout depending on when during the measurement period the change in control occurs.

## **Limitation of Benefits**

The maximum award made to any individual under the Plan in any fiscal year will be \$5 million. For this purpose, payments include cash and any equity opportunity elected by the individual in lieu of cash, valued as of the date of the award. Participants may not transfer their interest in an award.

## **Federal Income Tax Consequences to the Company and the Participants**

Under present U.S. federal income tax law, long-term incentives paid in cash will be ordinary income to participants in the year paid. We will receive a federal income tax deduction equal to the amount of ordinary income realized by the participant.

*Compliance with Section 162(m) of the Internal Revenue Code.* Section 162(m) of the Code denies an income tax deduction by an employer for certain compensation in excess of \$1 million per year paid by a publicly traded corporation to the chief executive officer or any of the four most highly compensated executive officers other than the chief executive officer. The compensation we pay pursuant to the LTIP may be excluded from this deduction limit if it satisfies certain requirements, including a requirement that the Plan be approved by the company’s current shareholders and that the awards are conditioned on the achievement of one or more of the management objectives described above. In addition, our current shareholders must approve those management objectives, and approval of the Plan will also constitute approval of those objectives.

## **New Plan Awards**

The future benefits to be received by current participants in the Plan are not currently determinable because they are dependent upon performance criteria and results, which are not now known. The Committee will make future awards in its discretion, and we cannot determine the number of participants or the amounts of the awards that may be awarded in the future.

## **Recommendation**

The Board of Directors recommends a vote “FOR” approval of the Certegy Inc. Key Management Long-Term Incentive Plan.

## **COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

### **Director Compensation**

Directors who are our salaried employees receive no additional compensation for services as a director or as a member of a committee of our Board. All non-employee directors, with the exception of Mr. Chapman who served as Chairman of the Board until February 12, 2002, receive an annual retainer of \$20,000, payable in quarterly installments, plus \$1,000 for each Board or committee meeting he or she attends. Mr. Chapman has received an annual retainer of \$250,000, and he receives \$1,000 for each Board or committee meeting he attends. The chairperson of each standing committee of our Board receives an additional annual fee of \$4,000, payable in quarterly installments. We also reimburse each non-employee director for all reasonable out-of-pocket expenses incurred in connection with attendance at Board and committee meetings.

We have adopted a deferred compensation plan for the benefit of our non-employee directors. Under this plan, a non-employee director may defer and be deemed to invest up to 100% of their director’s fees in either a stock fund representing our common stock or in an interest bearing account. Interest on deferred amounts deemed to be invested in the interest bearing account are credited monthly to our directors’ accounts at the prime rate on the first day of each month as reported in the *Wall Street Journal*. All deferred fees are held in our general funds and are paid in cash. In general, deferred amounts are not paid until after the director terminates service from our Board, at which time they will be paid either in a lump sum or in annual payments of not more than ten years, as determined by the director.

Each non-employee director is also awarded annually an option to purchase 2,000 shares of our common stock pursuant to the Certegy Inc. Non-Employee Director Stock Option Plan.

### **Executive Compensation**

*The Spin-off.* Certegy was formed as a subsidiary of Equifax Inc. and incorporated on March 2, 2001. On July 7, 2001, Equifax distributed all of its shares of Certegy to Equifax shareholders in a pro rata distribution, sometimes referred to as the “spin-off.” Although certain of the individuals who currently serve as our executive officers were performing services in connection with our businesses prior to the 2001 fiscal year, those individuals were employed by Equifax during that period, and except for Larry J. Towe, Gerald A. Hines, and Jeffrey S. Carbiener, were not dedicated exclusively to our businesses, and, in fact, devoted substantial time and effort to other Equifax businesses or to the Equifax organization in general. Our company had no formalized executive management structure prior to our formation, and certain of the individuals who would have constituted the most highly compensated individuals providing services to our businesses prior to our 2001 fiscal year are not our executive officers. Accordingly, no information on compensation paid to our executive officers prior to the 2001 fiscal year is reported below, and any compensation for 2001 prior to the date of the spin-off (including stock options) is compensation actually paid by Equifax.

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*Summary Compensation Table.* The following table sets forth in summary form the compensation paid during fiscal year 2001 to our chief executive officer and the four other most highly compensated executive officers—referred to as the named executive officers—whose total salary and bonus exceeded \$100,000 in 2001. The amounts include compensation paid by or earned from both Certegy after the spin-off and Equifax prior to the spin-off.

**Summary Compensation Table**

Name	Annual Compensation			Long-Term Compensation		
	Salary	Bonus(1)	Other Annual Compensation(2)	Awards		
				Restricted Stock Awards(3)	Securities Underlying Options	All Other Compensation(4)
Lee A. Kennedy Chairman, President and Chief Executive Officer	\$495,385	\$263,284	\$12,291	\$1,574,993	130,616	\$330,965
Larry J. Towe Executive Vice President and Chief Operating Officer	348,462	48,785	6,931	700,011	87,638	35,440
Michael T. Vollkommer Corporate Vice President and Chief Financial Officer	255,385	—	—	350,006	54,934	108,843
Gerald A. Hines Senior Vice President and Group Executive—Card Services	261,386	—	3,982	175,003	24,243	21,105
Bruce S. Richards Corporate Vice President, General Counsel and Secretary	246,559	40,540	2,328	350,006	27,653	28,050

- (1) The bonus column includes any annual incentive earned and paid in cash. The named executive officers can elect to convert all or part of any earned annual incentive into stock options. If an officer elects to convert any annual incentive into stock options, those options are included in the “Securities Underlying Options” column for the year in which the annual incentive was earned, even though the awards are not actually made until the following year. For 2001, all of the named executive officers elected to convert some or all of their annual incentive into stock options.
- (2) Includes allowances for payroll taxes associated with providing executive financial planning and tax services and club memberships and tax related to split-dollar life insurance.
- (3) Dividend income would be paid on restricted stock at the same rate as paid to all shareholders. Value of restricted stock shown in table is as of the date of award. The total number of shares awarded were as follows: Mr. Kennedy — 48,536 shares; Mr. Towe — 21,572; Mr. Vollkommer — 10,786; Mr. Hines — 5,393; and Mr. Richards — 10,786 shares. Each award vests in its entirety on the 30-month anniversary of the date of the award. As of December 31, 2001, total restricted stock awards outstanding and related fair market values were as follows: Mr. Kennedy —49,769 shares (\$1,703,095); Mr. Towe — 21,572 (\$738,193); Mr. Vollkommer — 10,786 (\$369,097); Mr. Hines — 5,393 (\$184,548); and Mr. Richards — 10,919 shares (\$373,648).
- (4) Includes special bonuses based on the successful completion of our spin-off from Equifax earned by Messrs. Kennedy and Vollkommer in the amounts of \$278,000 and \$92,000, respectively. Also includes a 401(k) matching contribution in the maximum amount of \$3,400 for each officer. In addition, the column includes premiums paid by Certegy pursuant to the Executive Life and Supplemental Retirement Benefit Plan for current life insurance and the economic benefit of additional premiums that will ultimately be returned to Certegy for each officer as follows: Mr. Kennedy (\$4,150/\$45,415); Mr. Towe (\$3,210/\$28,830); Mr. Vollkommer (\$1,500/\$11,943); Mr. Hines (\$1,980/\$15,725); and Mr. Richards (\$1,860/\$22,790).

*Option Awards.* A stock option allows an individual to purchase shares of common stock at a fixed price (the exercise price) during a specific period of time. In general, whether exercising stock options is profitable to an option holder depends on the relationship between the common stock market price and the option exercise price. At any given time, vested options can be “in the money” (the exercise price is less than the market price) or “out of the money” (the exercise price is greater than the market price), depending on the current market price of the stock.

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The following table contains information with respect to stock options awarded to the named executive officers during the fiscal year ended December 31, 2001. The table does not include options awarded in 2001 as a result of officers electing to receive all or part of any annual incentive they received in 2000 in the form of stock options.

**Option Awards in Last Fiscal Year**

Name	Shares Underlying Options(1)	Percent of Total Options Awarded to Employees in Fiscal Year	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
			5%	10%
Lee A. Kennedy	110,526	9.2%	\$1,981,012	\$5,020,274
Larry J. Towe	73,684	6.1	1,320,675	3,346,850
Michael T. Vollkommer	24,561	2.0	440,219	1,115,601
Gerald A. Hines	12,281	1.0	220,118	557,823
Bruce S. Richards	24,561	2.0	440,219	1,115,601

(1) All options in the table have an exercise price of \$28.50 per share, vested 25% on the date of award with the remainder vesting in three equal annual installments (becoming fully vested on October 31, 2004) and expire on October 31, 2011.

*Option Exercises and Year-End Option Values.* The following table sets forth the number of shares covered by both exercisable and unexercisable options as of December 31, 2001 and the year-end value of exercisable and unexercisable options as of December 31, 2001 for the named executive officers. All options awarded prior to the date of our spin-off from Equifax were options awarded by Equifax and converted into Certegy options in connection with the spin-off.

**Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values**

	Shares Acquired on Exercise	Value Realized(1)	Number of Securities Underlying Unexercised Options at December 31, 2001		Value of Unexercised In-the-Money Options at December 31, 2001(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Lee A. Kennedy	144,860	\$1,934,122	245,077	128,842	\$4,070,836	\$1,262,810
Larry J. Towe	1,972	32,680	203,944	81,911	3,099,709	733,285
Michael T. Vollkommer	—	—	73,798	21,483	855,957	171,217
Gerald A. Hines	—	—	179,875	23,299	2,946,987	215,689
Bruce S. Richards	1,268	228,086	154,113	30,672	2,218,971	311,863

(1) Represents aggregate excess of market value of the shares underlying the options exercised, as of the date of exercise, over the exercise price of the options. All option exercises shown in the table were in connection with exercises of Equifax stock options prior to the spin-off.

(2) Represents aggregate excess of market value of shares under option as of December 31, 2001 over the exercise price of the options.

*LTIP Incentives Awarded During 2001.* The following table lists awards of LTIP incentives payable in cash made to the named executive officers in 2001. The value ultimately paid out under LTIP incentives depends on the extent to which the management objectives underlying the incentive are achieved over the applicable period.



**Long-Term Incentive Plan—Awards in Last Fiscal Year**

Name	Number of Shares, Units or Other Rights	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans		
			Threshold	Target	Maximum
Lee A. Kennedy	\$600,000	12/31/02	\$300,000	\$600,000	\$1,200,000
Larry J. Towe	400,000	12/31/02	200,000	400,000	800,000
Michael T. Vollkommer	220,000	12/31/02	110,000	220,000	440,000
Gerald A. Hines	150,000	12/31/02	75,000	150,000	300,000
Bruce S. Richards	220,000	12/31/02	110,000	220,000	440,000

**Retirement Benefits**

**Pension Plans.** Prior to the spin-off, most of our United States employees, including management employees and executive officers, were participants in the Equifax U.S. Retirement Income Plan, a non-contributory, qualified defined benefit pension plan. In connection with the spin-off, Certegy has adopted the Certegy Inc. Pension Plan, a defined benefit plan that is substantially similar, in all material respects, to the Equifax plan. The Plan may integrate benefits for a period of time with the Equifax plan. The following is a summary description of the benefits of our Plan.

In general, annual retirement benefits are computed based on length of service and a participant's average total earnings up to a maximum of either 125% of base salary or base salary plus 75% of other earnings, whichever is greater. Benefits under the Plan are computed by averaging the participant's total earnings, including earnings from Equifax, for the highest paid 36 consecutive months of employment. However, federal laws place limitations on earnings amounts that may be included in calculating benefits under the Plan. In 2002, only the first \$200,000 in eligible earnings can be included in the calculation.

The normal retirement age under the Plan is 65. However, employees who attain age 55 with at least 5 years of service, or employees who attain age 50 and the sum of his or her age and years of service is at least equal to 75, can retire early with reduced benefits. Prior service with Equifax will be recognized for all purposes under the Plan. For employees who retire prior to age 65, their retirement benefits are reduced by 3% per year for the first five years and by 5% per year after the first five years.

We have also established a rabbi trust in connection with the plan. If there is a change in control, we are required to fully fund the trust, and the trustee will make premium payments on the participants' policies if for any reason we fail to do so.

The following table shows the annual retirement benefits that would be payable on January 1, 2002 on a combined basis under the Plan at normal retirement (age 65 or later) and various rates of final average earnings and years of service. The Plan benefits are computed in the form of a life annuity without survivorship benefits; however, survivorship benefits are available and are computed as the actuarial equivalent of the life annuity. The pension benefits are not reduced for Social Security benefits.

**Retirement Plan Table**

Final Average Earnings	Years of Service				
	15	20	25	30	35
\$ 200,000	\$32,471	\$43,295	\$54,119	\$64,943	\$75,767
400,000	32,471	43,295	54,119	64,943	75,767
600,000	32,471	43,295	54,119	64,943	75,767
800,000	32,471	43,295	54,119	64,943	75,767
1,000,000	32,471	43,295	54,119	64,943	75,767

The credited years of service for each of the named executive officers as of December 31, 2001 were as follows: Mr. Kennedy — 20 years; Mr. Towe — 8 years; Mr. Vollkommer — 2 years; Mr. Hines — 4 years; and Mr. Richards — 14 years.

**Executive Life and Supplemental Retirement Benefit Plan.** We have adopted for our executive officers and certain other management employees the Executive Life and Supplemental Retirement Benefit Plan, which is intended to maintain competitiveness of the company's benefits. The Plan is a split-dollar life insurance program, under which the participants receive life insurance coverage and deferred cash accumulation benefits. For the named executive officers, the premiums paid by the company for current life insurance, and the economic benefit of the additional premiums that ultimately will be returned to the company, are included in the "Summary Compensation Table" under the heading "All Other Compensation."

**Change in Control Agreements**

We have entered into change in control agreements with all of our five named executive officers. These agreements have five-year terms with automatic renewal provisions and become operative only upon a change in control of our company. A change in control is generally defined by the agreements to mean:

- An accumulation by any person, entity, or group of 20% or more of the combined voting power of our voting stock;
- A business combination resulting in our shareholders immediately prior to the combination owning less than two-thirds of the common stock and combined voting power of the new company;
- A sale or disposition of all or substantially all of our assets; or
- Approval by the shareholders of our complete liquidation or dissolution.

If any of these events happen, and the executive's employment terminates within six months prior to, or in the case of our agreements with (1) Messrs. Kennedy, Towe, Vollkommer and Richards, three years after, and (2) Mr. Hines, two years after, the date of the change in control, other than from death, disability, termination for cause, or voluntary termination other than for good reason, he will be entitled to a severance payment and other benefits described in the agreements. The severance payment will equal up to, in the case of our agreements with (1) Messrs. Kennedy, Towe, Vollkommer and Richards, three times, and (2) Mr. Hines, two times, the sum of (a) that executive's highest annual salary for the twelve months prior to the termination, and (b) the executive's highest bonus (or target bonus) for the three years prior to termination or the partial year ending on the date of termination.

Benefits payable under this agreement and other compensation or benefit plans of ours are not reduced because of Section 280G of the Internal Revenue Code. Any payments the executive receives will be increased, if necessary, so that after taking into account all taxes, including any excise taxes under Section 4999 of the Code, they would incur as a result of those payments, the executive would receive the same after-tax amount they would have received had no such excise taxes been imposed.

**Compensation and Human Resource Committee Interlocks and Insider Participation**

None of the members of our Compensation and Human Resources Committee has served as an officer or an employee of our businesses during the previous fiscal year. No interlocking relationship exists between our Board of Directors, Compensation Committee or executive officers and the board of directors, compensation committee or executive officers of another company, nor has such relationship existed in the past.

**COMPENSATION AND HUMAN RESOURCES COMMITTEE  
REPORT ON EXECUTIVE COMPENSATION**

**Overall Philosophy and Administration**

Certegy's executive compensation program, as developed and administered by the Compensation and Human Resources Committee of the Board of Directors, is designed to attract, motivate, and retain the executive talent necessary for creating value for our shareholders. The Committee intends that the company's pay programs provide compensation commensurate with the level of financial performance achieved relative to industry performance and internal goals, and based in part on individual contributions and achievements. A significant portion of compensation is directly linked to the returns generated for shareholders.

Certegy sets its financial performance and shareholder return objectives above the middle of the market as compared with comparably sized companies, and its pay programs are designed to provide above middle-of-the-market pay levels when those goals are achieved.

The Committee, which is composed entirely of independent directors, establishes base salaries for the executive officers, including the named executive officers. The Committee also administers incentive compensation programs under both annual and long-term incentive plans. In fulfilling its responsibilities, the Committee regularly seeks input from independent compensation consultants and may also seek input from appropriate Certegy executives.

**Base Salaries**

The Committee generally sets base salaries for its executive officers midway between the market median (50th percentile) and the market 75th percentile for executives in comparably sized companies. In addition, it may consider other factors when setting individual salary levels, which may result in salaries above or below the targeted range. These factors may include availability of talent, the recruiting requirements of the particular situation, specific technical backgrounds, experience, and anticipated performance.

Base salary adjustments for executive officers generally are made annually and are dependent on such factors as the executive's current responsibilities, experience and performance, competitive compensation practices at comparable financial services companies, and the Committee's assessment of the executive's overall contribution to Certegy's financial success.

Targeted salaries are determined based on a broader peer group than that shown in the stock performance graph appearing in this proxy statement, because the market for the executives that Certegy seeks to attract and retain is broader than its direct competitors. The salaries earned by the named executive officers in 2001 appear in under "Compensation of Directors and Executive Officers" in the "Summary Compensation Table" of this proxy statement.

**Incentive Compensation**

Certegy's incentive compensation programs comprise cash incentives under its annual and long-term incentive plans (which may be convertible into stock options at the election of certain participants) and equity incentives under its stock incentive plan. In determining appropriate annual and long-term incentive compensation levels for the executive officers, the Committee seeks to award incentives that, when combined with annual salary, put the total overall compensation for Certegy's executives in the market 75th percentile for comparably sized companies, commensurate with the company's above market performance objectives.

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### *Annual Incentive Compensation*

Annual incentives provide opportunities for Certegy executives to earn compensation based on the achievement of a combination of important corporate and divisional financial goals, such as earnings per share, net income, revenues, return on equity, and total return to the shareholders. Incentives are also linked to the accomplishment of individual objectives, including the quality of strategic plans, organizational and management development, special project leadership, and similar indicators of individual performance.

The performance factors selected for any particular officer vary depending on the officer's specific responsibilities within the company. For 2001, net income (or operating profit in the case of divisional officers) and revenues comprised the substantial majority of the annual incentive opportunity for the executive officers, including the chief executive officer and the other named executive officers, with individual objectives determining the remainder. Target awards as a percentage of base salary range from 40% to 80% for plan participants (including 80% for the chief executive officer), and are based primarily on individual officer's responsibility levels. For 2001, executive officers could earn up to three times their target award. For 2002, executive officers can earn up to two times their target award. Certain participants may elect to receive up to 100% of their annual incentive award in stock options. The terms pursuant to which that election may be made for 2001 and 2002, respectively, are described in the Year 2001 Stock Option Exchange Program terms and conditions and the 2002 Bonus Deferral Program terms and conditions filed as exhibits to the company's 2001 Annual Report on Form 10-K.

Because of Certegy's mid-year spin-off from Equifax on July 7, 2001, most Certegy executive officers, including four of the five named executive officers, had the opportunity to earn a "partial year" annual incentive under each of two plans, rather than under one full-year plan. In addition, two named executive officers received special bonus payments based on the successful completion of the spin-off from Equifax.

The annual incentives to the named executive officers for 2001 and the two special spin-off bonuses are set forth in the "Summary Compensation Table" of this proxy statement.

### *Long-Term Incentive Compensation*

The Committee administers the following long-term incentive compensation plans:

- The Certegy Inc. Stock Incentive Plan, which the Compensation and Human Resources Committee has amended and restated contingent on shareholder approval. That plan allows for the award of non-qualified and incentive stock options, and restricted stock.
- The Certegy Inc. Key Management Long-Term Incentive Plan (LTIP), which provides for cash incentives for periods ranging from a portion of a year to multi-year periods.

The Stock Incentive Plan, as amended and restated, and the LTIP are being submitted for shareholder approval as proposals 2 and 3, respectively, in this proxy statement.

Continuing Equifax's prior practice, and consistent with prevailing practices in the marketplace, the Committee currently intends to make a long-term incentive award for each fiscal year. The long-term incentive awards from the Stock Incentive Plan and LTIP made during 2001 to Certegy executives included the following:

- A cash-based award under the LTIP for the period ending on December 31, 2002.
- A combination restricted stock and stock option award under the Stock Incentive Plan for the period ending December 31, 2003.

The above awards were designed and approved by Equifax prior to the spin-off, and subsequently ratified by the Committee. The cash-based award was designed to replace the Equifax award made in the year 2000 for the period ending December 31, 2002. The combination restricted stock and stock option award comprised the 2001 award, which had been delayed pending completion of the spin-off. In each case, the size of the awards made to

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individual officers was based on an evaluation of several factors, including the officer's level of responsibility and the company's overall compensation objectives. In addition, during 2001, Equifax stock options were converted to Certegy stock options based on a prescribed accounting methodology designed to preserve the value and remaining vesting period of prior Equifax options in the converted Certegy stock options. The value of Stock Incentive Plan awards depends on stock price appreciation, while payouts under the 2001 LTIP awards depend on the company's cumulative net income for the performance period. The amount and nature of prior equity incentive awards are not generally considered in determining new Stock Incentive Plan awards for executive officers.

Please see the tables under "Compensation of Directors and Officers" entitled "Summary Compensation Table," "Option Awards in Last Fiscal Year," and "Long Term Incentive Plan—Awards In Last Fiscal Year" of this proxy statement, respectively, for long-term equity and cash incentive awards made to the named executive officers in 2001.

### **Chief Executive Officer Compensation**

Compensation decisions for Mr. Kennedy, as chief executive officer, are made under the same methodology as for other executives. Mr. Kennedy has a greater proportion of his compensation dependent on performance objectives than the other executives. Mr. Kennedy was paid a base salary of \$495,385 for fiscal 2001. Salary decisions for Mr. Kennedy for 2001 were made by Equifax.

Mr. Kennedy received the following annual incentive payments for 2001:

- A payment under the Equifax Corporate Staff Plan of \$79,424 for Equifax's financial performance prior to the spin-off. The size of Mr. Kennedy's incentive award and the specific performance criteria were determined by Equifax.
- A payment of \$271,754 from the company's Annual Incentive Plan. This payment was based entirely on Mr. Kennedy's having exceeded his individual performance objectives from the date of the spin-off through December 31, 2001.
- A payment of \$278,000 for the successful completion of the spin-off, based on the Committee's judgment of his performance.

Mr. Kennedy elected to receive 25% of his annual incentive award in stock options. In fiscal 2001, Mr. Kennedy also was awarded a cash-based incentive under the LTIP, with a target payout of \$600,000 and a maximum payout of \$1,200,000, and a combination restricted stock and stock option award under the Stock Incentive Plan, comprising 48,536 shares of restricted stock and a stock option to acquire 110,526 shares. The terms of those awards, the method by which their size was determined, and the performance criteria for earning the payout on the cash-based award are as described previously under the heading "Long-Term Incentive Compensation."

### **Other Benefits**

Certegy's executive officers may also participate in the Certegy Inc. Pension Plan, which is a non-contributory, qualified defined benefit pension plan, and the Executive Life and Supplemental Retirement Benefit Plan, which is a split-dollar life insurance program, both of which are described elsewhere in this proxy statement. Executives also participate, on a voluntary basis, in customary benefit programs generally available to employees.

### **Compensation Deductibility Policy**

An income tax deduction under federal law will generally be available for annual compensation in excess of \$1 million paid to the chief executive officer and the named executive officers of a public corporation only if that compensation is "performance-based" and complies with certain other tax law requirements. For more details, please see "Federal Income Tax Consequences to the Company and the Participants" under the descriptions of the Stock Incentive Plan in proposal 2 and the LTIP in proposal 3, respectively, of this proxy statement.

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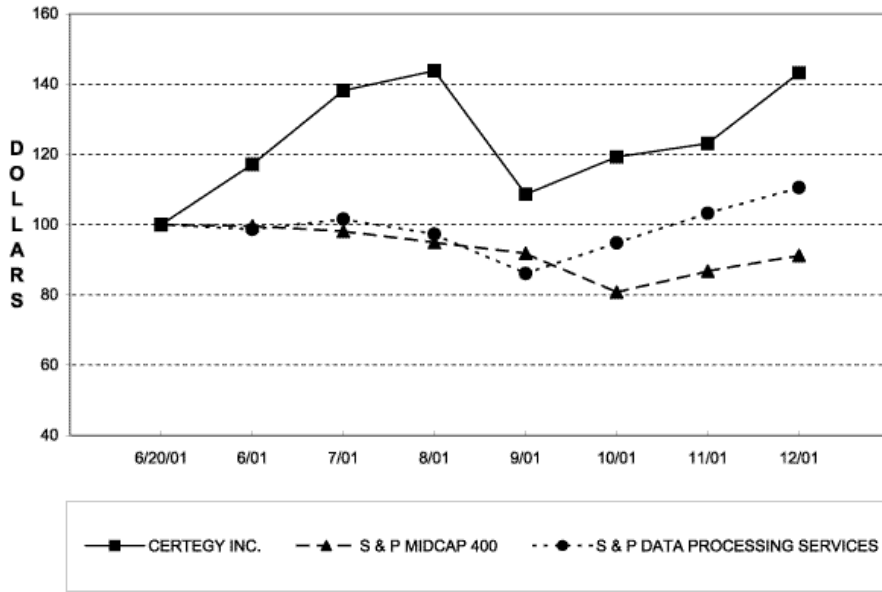
The Committee's general policy is to structure the major components of Certegy's incentive compensation programs to satisfy the requirements of performance-based compensation and preserve the deductibility of compensation paid to executive officers on an ongoing basis. To implement this policy, Certegy is seeking shareholder approval of the Stock Incentive Plan and the LTIP. Those approvals will help preserve the tax deductibility of stock options, restricted stock, and incentive awards made to Certegy's named executive officers under the Stock Incentive Plan and the LTIP.

By: The Compensation and Human Resources Committee  
 Kathy Brittain White, Chairperson  
 Robert H. Bohannon  
 David K. Hunt

**STOCK PERFORMANCE GRAPH**

The graph below compares the cumulative total return among investments in Certegy Inc., the S&P MIDCAP 400 index, and the S&P DATA PROCESSING SERVICES index. The graph assumes that \$100 was invested in Certegy stock on June 20, 2001, and each index on May 31, 2001, and that any dividends were reinvested. The total cumulative dollar returns shown on the graph represent the value that the investments would have had at the end of each month through December 31, 2001.

**COMPARISON OF CUMULATIVE SIX MONTH TOTAL RETURN\***  
 AMONG CERTEGY INC., THE S & P MIDCAP 400 INDEX  
 AMONG THE S & P DATA PROCESSING SERVICES INDEX



\*\$100 invested on 6/20/01 in Certegy stock or on 5/31/01 in each index—including reinvestment of dividends.

	Cumulative Total Return							
	6/20/01	6/01	7/01	8/01	9/01	10/01	11/01	12/01
CERTEGY INC	100.00	117.15	138.16	143.77	108.62	119.25	123.10	143.18
S & P MIDCAP 400	100.00	99.60	98.11	94.90	91.80	80.75	86.76	91.24
S & P DATA PROCESSING SERVICES	100.00	98.63	101.54	97.33	86.10	94.82	103.27	110.52

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**PRINCIPAL AND MANAGEMENT SHAREHOLDERS**

The following table sets forth information regarding beneficial ownership of our common stock as of February 28, 2002. The percentage of beneficial ownership is based on 69,011,054 shares of our common stock outstanding as of that date. The table sets forth the information with respect to:

- Each shareholder who is known by us to beneficially own 5% or more of the common stock;
- Each of our directors;
- Each of our executive officers named in the Summary Compensation Table; and
- All of our executive officers and directors as a group.

Unless otherwise indicated, each of the shareholders has sole voting and investment power with respect to the shares of common stock beneficially owned by that shareholder. The number of shares beneficially owned by each shareholder is determined under rules issued by the SEC. The information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power and any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days after February 28, 2002, through the exercise of any stock option or other right.

**Beneficial Ownership Table**

Name	Common Stock Beneficially Owned	Percent of Shares Beneficially Owned
T. Rowe Price Associates, Inc. (1)	6,887,672	10.0%
General Electric Pension Trust (2)		
GE Asset Management Incorporated	4,776,068	6.9
GE Frankona Ruckversicherungs AG		
General Electric Mortgage Insurance Corp.		
Lee A. Kennedy (3)	502,792	*
Larry J. Towe (4)	278,248	*
Michael T. Vollkommer (5)	150,561	*
Gerald A. Hines (6)	228,025	*
Bruce S. Richards (7)	195,798	*
Robert H. Bohannon	1,000	*
Thomas F. Chapman (8)	87,148	*
Richard N. Child	—	—
Charles T. Doyle	146	*
David K. Hunt (9)	1,500	*
Kathy Brittain White	—	—
All directors and executive officers as a group, including those named above (17 persons)	1,816,606	2.6

\* Represents less than 1% of the outstanding shares of common stock.

- (1) As reported in a Schedule 13G filed with the SEC on January 10, 2002, T. Rowe Price Associates, Inc., a registered investment advisor, has sole voting power over 1,141,526 of the shares reported and sole dispositive power over all 6,887,672 shares. T. Rowe Price's address is 100 E. Pratt Street, Baltimore, Maryland.
- (2) As reported in a joint Schedule 13G filed with the SEC on February 14, 2002, General Electric Pension Trust (GEPT) has shared voting and dispositive power over 1,898,700 Certegy shares, and GE Asset Management Incorporated (GEAM), a registered investment advisor, has sole voting and dispositive power over 2,694,767 Certegy shares and shared voting and dispositive power (with GEPT) over 1,898,700 shares. GE Frankona Ruckversicherungs AG (GEFR) has sole voting and

dispositive power over 119,401 Certegy shares and General Electric Mortgage Insurance Corporation (GEMI) has sole voting and dispositive power over 63,200 Certegy shares. General Electric Capital Services, Inc. (GECS), the indirect parent of GEMI and GEF, disclaims beneficial ownership of all shares owned by GEMI and GEF. General Electric Company (GE), the parent of GECS and GEAM, disclaims beneficial ownership of all shares reported. All the filers disclaim that they are members of a "group." The address of GEPT and GEAM is 3003 Summer Street, Stamford, Connecticut 06905. GEF's address is Maria-Theresia-Strasse 35, D-81675 Munchen, Germany. GEMI's address is 6601 Six Forks Road, Raleigh, North Carolina 27615. GECS' address is 260 Long Ridge Road, Stamford, Connecticut 06927. GE's address is 3135 Easton Turnpike, Fairfield, Connecticut 06431.

- (3) Includes 15,623 shares owned through our 401(k) plan and 295,825 shares subject to options.
- (4) Includes 1,266 shares owned through our 401(k) plan and 243,767 shares subject to options.
- (5) Includes 104 shares owned through our 401(k) plan and 116,671 shares subject to options.
- (6) Includes 88 shares owned through our 401(k) plan and 206,544 shares subject to options.
- (7) Includes 1,874 shares owned through our 401(k) plan and 164,205 shares subject to options.
- (8) Includes 2,963 shares owned through Equifax's 401(k) plan.
- (9) Includes 1,500 shares held by Mr. Hunt's wife as to which he disclaims all beneficial ownership.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires Certegy's directors and executive officers, and persons who own more than 10% of Certegy's Common Stock, to file with the Securities and Exchange Commission certain reports of beneficial ownership of the Common Stock. Based solely on company records and other information, Certegy believes that all applicable Section 16(a) reports were timely filed by its directors, officers, and more than 10% shareholders during the fiscal year ended December 31, 2001.

#### **RELATED PARTY TRANSACTIONS**

##### **Certegy and Equifax**

Messrs. Chapman, Kennedy, Towe, Vollkommer, and Richards were officers of Equifax prior to the spin-off. Our Chairman of the Board during 2001 and current director, Mr. Chapman, is also Chairman of the Board and Chief Executive Officer of Equifax (Mr. Chairman is not standing for reelection at the annual meeting). Our current Chairman, President and Chief Executive Officer, Mr. Kennedy, was a director of Equifax prior to the spin-off.

Certegy is a customer of, and vendor to, its former parent company, Equifax. In addition, Certegy and Equifax have entered into some agreements to facilitate Certegy's transition from a division of Equifax to a stand-alone operating company, as described below. From the date of our spin-off from Equifax through the end of our 2001 fiscal year, we made payments of \$10,668,550 to Equifax for various products and services. Over \$8 million of that amount was for Certegy's share of billings under a master agreement between Equifax and IBM for telecommunications services, which agreement continued to cover services purchased by both Equifax and Certegy. The remaining payments were for various post-spin-off transition services and consumer reports and other information products used in Certegy's businesses. During that same period, Equifax paid us \$3,335,220 for various post-spin-off transition services, including printing and mailing services, and certain information products and services.



## Agreements in Connection with the Spin-off

In connection with the spin-off, we entered into the three agreements described below pursuant to which intercompany payments have been made subsequent to the spin-off. These were prepared prior to the spin-off and filed with the SEC, reflect agreements between affiliated parties established without arms-length negotiation, and were intended to equitably reflect the benefits and costs of our ongoing relationship with Equifax.

*Transition Support Agreement.* We entered into a transition support agreement with Equifax prior to the spin-off under which, in exchange for the fees specified in that agreement, Equifax continues to provide various administrative and other transition services to us, and we agreed to provide certain transition services to Equifax. Those fees are included in the figures above.

The period during which each party is required to provide services to the other varies depending upon the particular category of service, but no requirement to provide services extends beyond 24 months from the effective time of the spin-off, June 30, 2001.

*Intercompany Data Purchase Agreement.* Under the intercompany data purchase agreement, each party has the right to purchase from the other certain data for use in its operations, on a non-exclusive, arm's-length basis. The term of the agreement is for two years following the effective time of the spin-off, June 30, 2001, and may be renegotiated after that period. Amounts paid by each party to the other for data under this agreement are included in the figures above.

*Agreement Regarding Leases.* Certain of our subsidiaries have entered into an agreement regarding leases with Equifax and certain of its subsidiaries. The agreement regarding leases provides that we sublease portions of various office facilities leased by Equifax entities, and the sublandlord and the subtenant share the use of those office facilities. Those subleases generally provide for the pro rata allocation of rental and other occupancy costs based upon the square footage of the subleased premises and incorporate and are subject to the provisions of the underlying leases. Under the agreement, Equifax assigned us its rights under a number of leases for space occupied exclusively by payment services businesses. Those assignments generally required us to assume all duties and obligations of the tenant under the assigned leases after the assignment date. Amounts we paid to Equifax for our pro rata share of space leased by Equifax in 2001 are included in the figures above.

## AUDIT COMMITTEE REPORT

The Audit Committee oversees Certegy's financial reporting process and internal controls on behalf of the Board of Directors. The Committee is composed of independent directors and operates under a written charter approved by the Board. A copy is attached as Appendix A to this proxy statement.

Management has primary responsibility for the financial statements and the reporting process, including the systems of internal controls, and has represented to us that the 2001 consolidated financial statements were prepared in accordance with generally accepted accounting principles. The Committee reviewed and discussed the audited financial statements in the company's Annual Report on Form 10-K with management and with Arthur Andersen LLP, Certegy's independent accountants.

We reviewed further with Arthur Andersen the matters required to be discussed under Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Committee also received from, and discussed with, Arthur Andersen written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). The Committee considered whether the provision of non-audit services by Arthur Andersen is compatible with maintaining auditor independence.

The Committee reviewed the overall scope and plans for their respective audits with Certegy's internal auditors and Arthur Andersen. We met with the internal auditors and Arthur Andersen, with and without management present, to discuss the results of their examinations, their evaluations of Certegy's internal controls, and the overall quality of Certegy's financial reporting.

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In reliance on the reviews and discussions referred to above, the Committee recommended to the Board that the audited financial statements be included in Certegy's Annual Report on Form 10-K for the year ended December 31, 2001.

By: The Audit Committee  
David K. Hunt, Chairperson  
Richard N. Child  
Charles T. Doyle

## OTHER MATTERS

### Independent Public Accountants

The Audit Committee of the Board of Directors currently is evaluating which of the major accounting firms it will recommend to the Board for appointment as the company's independent accountant for 2002. The company expects a representative of Arthur Andersen, the company's independent accountant for 2001, to be present at the annual meeting and available to respond to appropriate questions.

*Audit Fees.* The aggregate fees billed by Arthur Andersen for professional services rendered for the audit of our annual financial statements for the year ended December 31, 2001 were \$466,000.

*Financial Information Systems Design and Implementation Fees.* During 2001, Arthur Andersen did not bill Certegy for any professional services with regard to financial information systems design and implementation.

*All Other Fees.* The aggregate fees billed for services rendered by Arthur Andersen for 2001, other than the services described above, were \$452,900, including \$128,800 for audit-related services and \$324,100 for other services consisting primarily of tax services.

### Expenses of Solicitation

We are paying Morrow & Co., Inc. a fee of \$7,000, plus expenses, to help with the solicitation of proxies for the annual meeting. We will also reimburse brokers, nominees, fiduciaries, and other custodians for their reasonable fees and expenses for sending solicitation materials to you and getting your voting instructions. In addition to this mailing, Certegy employees may solicit proxies in person, or by telephone, facsimile transmission, or electronically.

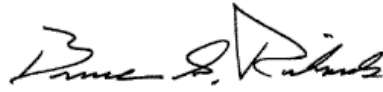
### Shareholder Proposals

Any shareholder proposals submitted pursuant to Securities Exchange Act Rule 14a-8 and intended to be presented at the 2003 annual meeting must be received in writing at our principal executive offices on or before November 17, 2002 to be eligible for inclusion in the proxy statement and form of proxy to be distributed by the Board of Directors in connection with that meeting. Any shareholder proposals intended to be presented at the 2003 annual meeting, other than a shareholder proposal submitted pursuant to Securities Exchange Act Rule 14a-8, must be received in writing at our principal executive offices no later than November 17, 2002 together with all supporting documentation required by our bylaws. Proxies solicited by the Board of Directors will confer discretionary voting authority with respect to those proposals, subject to SEC rules governing the exercise of this authority.

**General**

The Board of Directors does not know of any other matters to be presented at the annual meeting. If any additional matters are properly presented, the persons named in the proxy will have discretion to vote in accordance with their own judgment on such matters.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "Bruce S. Richards". The signature is stylized with a large, prominent "B" and "R".

Bruce S. Richards  
*Secretary*

**APPENDIX A:**

**AUDIT COMMITTEE OF  
THE BOARD OF DIRECTORS**

**CHARTER**

**I. PURPOSE**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the company's (1) financial reports and other financial information provided to any governmental body or the public; (2) systems of internal controls regarding finance, accounting, legal compliance and ethics; and (3) auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the company's policies, procedures and practices at all levels. The Committee has the authority to access internal and external resources as the Committee may require.

**II. COMPOSITION**

The Audit Committee will consist of three or more directors as determined and elected by the Board. Each of these directors shall be independent in accordance with New York Stock Exchange rules and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a Committee member. All Committee members must be financially literate, and at least one Committee member must also have accounting or related financial management expertise.

**III. MEETINGS**

The Committee will meet at least two times annually, or more frequently as circumstances dictate. To foster open communication, the Committee will meet with management, the officer of the company with primary responsibility for the internal audit and the independent accountants in separate sessions to discuss any matters that should be discussed privately. The Committee will report its activities and findings to the Board on a regular basis.

The Board may appoint a Chair of the Committee. The Chair will preside, when present, at all meetings of the Committee. One-third of the members, but not less than two, will constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or video conference and may take action by written consent.

**IV. RESPONSIBILITIES AND DUTIES**

The duties and responsibilities of the Audit Committee include:

**Documents/Reports Review**

1. Review and update this Charter, at least annually or as conditions dictate.
2. Review the audited financial statements with management and the independent accountants prior to publication of the annual report to shareholders and the filing of the company's Form 10-K to determine that the independent accountants are satisfied with the disclosure and content of the financial statements. Any major changes in accounting principles should be reviewed.
3. Review periodic internal reports to management prepared by the internal auditors or the independent accountants and management's response along with the status of prior outstanding recommendations.

**Independent Accountants and Internal Audit**

4. Recommend to the Board the selection of the independent accountants, who will ultimately be accountable to the Board and the Committee, and review their compensation. Ensure that the independent accountants submit annually to the Committee a formal written statement (required under Independence Standards Board Standard No. 1) delineating all relationships between the independent accountants and the company, actively engage in a dialogue with the independent accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent accountants and recommend that the Board take appropriate action in response to the independent accountants' statement to satisfy itself of the accountants' independence.
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5. Review the performance of the independent accountants and recommend to the Board any discharge of the independent accountants when circumstances warrant.
6. Review with the independent accountants, the internal auditors and management the adequacy and effectiveness of the company's internal controls and the fullness and accuracy of the company's financial statements.
7. Review objectives, activities, organizational structure, qualifications, staffing and budget of the internal audit department.
8. Ratify the appointment, replacement, reassignment or dismissal of the officer of the company with primary responsibility for the internal audit.

### **Financial Reporting and Auditing**

9. In consultation with the independent accountants and the internal auditors, review the integrity of the organization's financial reporting processes, both internal and external.
10. Consider the independent accountants' judgments about the quality and appropriateness of the company's accounting principles and underlying estimates as applied in its financial statements.
11. In consultation with the independent accountants, management and the internal auditors, review any major changes or improvements to the company's financial and accounting principles and practices or internal controls.
12. Establish regular and separate systems of reporting to the Committee by the independent accountants and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of any such judgments.
13. Discuss, either as a Committee or through its Chairman (or designee), with the independent accountants, the internal auditors and management the results of the independent accountants' review of the interim financial information prior to the company filing its quarterly Form 10-Q with the SEC, to the extent required by generally accepted auditing standards.
14. After the annual audit, review with the independent accountants and the internal auditors the matters required under Statement of Auditing Standards Nos. 61 and 90, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and any significant unresolved disagreements with management.
15. Review and approve on an annual basis the Report of the Audit Committee for inclusion in the company's annual proxy statement.

### **Ethical and Legal Compliance**

16. Ensure the company maintains an appropriate ethics and compliance program and periodically reviews its effectiveness.
17. Review legal, tax and regulatory matters that may have a material impact on the financial statements.
18. Perform any other activities or investigations consistent with this Charter, the company's Bylaws and governing law or as the Committee or the Board determines necessary or appropriate.

**CERTEGY INC.**  
**11720 Amber Park Drive, Suite 600, Alpharetta, Georgia 30004**  
**Proxy for the Annual Meeting of Shareholders — May 16, 2002**

**Solicited on behalf of the Board of Directors.**

The undersigned appoints Lee A. Kennedy, David K. Hunt and Kathy Brittain White, or any of them, with full power of substitution to each, as proxies and authorizes them to vote, as specified below, all shares of common stock that the undersigned is entitled to vote at the Annual Meeting of Shareholders of Certegy Inc., to be held at the Four Seasons Hotel, 75 Fourteenth Street, Atlanta, Georgia on Thursday, May 16, 2002 at 11:00 a.m., local time, and at any adjournment or postponement of the meeting. The undersigned authorizes the proxies to vote, in their discretion, on any other matters as may properly come before the meeting.

**Please date, sign and return this proxy promptly. The Board of Directors favors a vote FOR the election as director of the person named in proposal 1 and FOR proposals 2 and 3, and unless instructions to the contrary are indicated in the space provided on the reverse side, this proxy will be so voted.**

If you plan to attend the meeting, please indicate in the space provided on the reverse side.

**Please mark your votes as in the example.**

If you wish to vote FOR election as director of the person named in proposal 1 and "FOR" proposals 2 and 3, all you need do is sign and date this proxy card and return it in the self-addressed envelope provided.

The Board of Directors recommends a vote **FOR** election as director of the person named in proposal 1 and FOR proposals 2 and 3.

1. Election of Director

Nominee: Charles T. Doyle (term to expire at 2005 Annual Meeting of Shareholders)	o	<b>FOR</b> the nominee	o	<b>WITHHOLD AUTHORITY</b> to vote for the nominee
--	---	------------------------	---	--

**IMPORTANT: TO BE SIGNED AND DATED ON THE REVERSE SIDE**

Please return this card in the self-addressed envelope provided.

- 2. The Certegy Inc. Stock Incentive Plan      o **FOR**      o **AGAINST**      o **ABSTAIN**
- 3. The Certegy Inc. Key Management Long-Term Incentive Plan      o **FOR**      o **AGAINST**      o **ABSTAIN**

**MARK HERE IF YOU PLAN TO ATTEND THE MEETING**

If you attend the meeting, you will be accompanied by \_\_\_\_\_.

Please sign to the right exactly as name appears on this Proxy. Joint owners each should sign. When signing as attorney, executor, administrator, trustee or guardian, please give the full title. If signing in the name of a corporation or partnership, please sign full corporate or partnership name and indicate title of authorized signatory.

\_\_\_\_\_  
Shareholder

Dated \_\_\_\_\_

\_\_\_\_\_  
Signature(s)

Dated \_\_\_\_\_

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CERTEGY INC.  
INTRODUCTION TO PRO FORMA CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

In October 2000, the Board of Directors of Equifax Inc. ("Equifax") announced its intent to spin off its Payment Services division, subject to certain conditions, into a separate publicly traded company with its own management and Board of Directors (the "Distribution"). This Distribution occurred on July 7, 2001 (the "Distribution Date") and was accomplished by transferring the assets, liabilities, and stock of the businesses that comprised the Payment Services division to Certegy Inc. ("Certegy" or the "Company") and then distributing all of the shares of Certegy common stock to Equifax's shareholders. (The term "Company" is also used to refer to the Equifax Payment Services division prior to the Distribution.) The Equifax shareholders received one share of Certegy common stock for every two shares of Equifax common stock held as of the Distribution Date. In conjunction with the Distribution, Certegy made a cash payment to Equifax in the amount of \$275 million to reflect Certegy's share of Equifax's pre-distribution debt used to establish the Company's initial capitalization. This was funded through \$400 million of unsecured revolving credit facilities obtained by Certegy in July 2001. Certegy was incorporated on March 2, 2001, under the name Equifax PS, Inc., as a wholly-owned subsidiary of Equifax. Certegy did not have any operations, assets, or liabilities until the contribution by Equifax to Certegy of the Payment Services division prior to the Distribution.

The following unaudited pro forma consolidated statements of income for the years ended December 31, 2001, 2000, and 1999 have been prepared as if the Distribution had taken place on January 1, 1999.

The unaudited pro forma consolidated statements of income are not necessarily indicative of the Company's results had the Distribution occurred on the date indicated or the expected results of operations in the future. The unaudited pro forma consolidated statements of income should be read in conjunction with the separate historical financial statements of the Company, including the notes to those statements, contained elsewhere in this report, and in conjunction with the related notes to these unaudited pro forma consolidated statements of income.



CERTEGY INC.  
PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2001  
UNAUDITED  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Historical	Pro Forma Adjustments		Pro Forma Consolidated
	-----	-----		-----
Revenues.....	\$ 851,123	\$ --		\$ 851,123
	-----	-----		-----
Operating expenses:				
Costs of services.....	601,740	2,350	(a)	604,090
Selling, general and administrative expenses.....	97,964	900	(a)	98,864
	-----	-----		-----
	699,704	3,250		702,954
	-----	-----		-----
Operating income.....	151,419	(3,250)		148,169
Other income, net.....	78	--		78
Interest expense.....	(7,200)	(8,413)	(b)	(15,613)
	-----	-----		-----
Income before income taxes and minority interests.....	144,297	(11,663)		132,634
Provision for income taxes.....	(56,276)	4,549	(c)	(51,727)
Minority interests in earnings, net of tax.....	(945)	--		(945)
	-----	-----		-----
Net income.....	\$ 87,076	\$ (7,114)		\$ 79,962
	=====	=====		=====
Basic:				
Earnings per share.....	\$ 1.27			\$ 1.17
	=====			=====
Average shares outstanding.....	68,317			68,317
	=====			=====
Diluted:				
Earnings per share.....	\$ 1.26			\$ 1.16
	=====			=====
Average shares outstanding.....	69,063			69,063
	=====			=====

The accompanying notes are an integral part of these pro forma consolidated financial statements.

CERTEGY INC.  
PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2000  
UNAUDITED  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Historical	Pro Forma Adjustments		Pro Forma Consolidated
	-----	-----		-----
Revenues.....	\$ 778,562	\$ --		\$ 778,562
	-----	-----		-----
Operating expenses:				
Costs of services.....	535,751	4,700	(a)	540,451
Selling, general and administrative expenses.....	95,652	1,800	(a)	97,452
	-----	-----		-----
	631,403	6,500		637,903
Operating income.....	147,159	(6,500)		140,659
Other income, net.....	1,309	--		1,309
Interest expense.....	(1,301)	(21,735)	(b)	(23,036)
Income before income taxes and minority interests.....	147,167	(28,235)		118,932
Provision for income taxes.....	(57,609)	11,040	(c)	(46,569)
Minority interests in earnings, net of tax.....	(1,096)	--		(1,096)
Net income.....	\$ 88,462	\$ (17,195)		\$ 71,267
	=====	=====		=====
Basic:				
Earnings per share.....	\$ 1.32			\$ 1.06
Average shares outstanding.....	67,200			67,200
	=====			=====
Diluted:				
Earnings per share.....	\$ 1.30			\$ 1.05
Average shares outstanding.....	67,933			67,933
	=====			=====

The accompanying notes are an integral part of these pro forma consolidated financial statements.

CERTEGY INC.  
PRO FORMA CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 1999  
UNAUDITED  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Historical	Pro Forma Adjustments		Pro Forma Consolidated
	-----	-----		-----
Revenues.....	\$ 681,172	\$ --		\$ 681,172
	-----	-----		-----
Operating expenses:				
Costs of services.....	466,379	4,700	(a)	471,079
Selling, general and administrative expenses.....	87,308	1,800	(a)	89,108
	-----	-----		-----
	553,687	6,500		560,187
	-----	-----		-----
Operating income.....	127,485	(6,500)		120,985
Other income, net.....	2,311	--		2,311
Interest expense.....	(901)	(18,634)	(b)	(19,535)
	-----	-----		-----
Income before income taxes and minority interests.....	128,895	(25,134)		103,761
Provision for income taxes.....	(54,272)	10,581	(c)	(43,691)
Minority interests in earnings, net of tax.....	6	--		6
	-----	-----		-----
Net income.....	\$ 74,629	\$ (14,553)		\$ 60,076
	=====	=====		=====
Basic:				
Earnings per share.....	\$ 1.09			\$ 0.87
	=====			=====
Average shares outstanding.....	68,729			68,729
	=====			=====
Diluted:				
Earnings per share.....	\$ 1.07			\$ 0.86
	=====			=====
Average shares outstanding.....	69,462			69,462
	=====			=====

The accompanying notes are an integral part of these pro forma consolidated financial statements.

CERTEGY INC.  
NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

The following pro forma adjustments were made to the historical consolidated statements of income of the Company for the years ended December 31, 2001, 2000, and 1999 to reflect the Distribution as if it had occurred on January 1, 1999.

- (a) To reflect additional expenses of approximately \$3.3 million for the six months ended June 30, 2001 (period prior to the Distribution) and \$6.5 million for both the years ended December 31, 2000 and 1999, which specifically relate to incremental pension expense, insurance costs, corporate headquarters rent, and stand-alone public company costs for audit, director, and stock exchange fees.
- (b) To reflect interest expense on the \$275 million of debt used to fund the cash payment to Equifax in conjunction with the Distribution, at an annual rate of LIBOR plus 100 basis points (5.76% for the six months ended June 30, 2001 and 7.54% and 6.41% for the years ended December 31, 2000 and 1999, respectively), plus amortization of financing costs over the three-year term of the debt.
- (c) To reflect the income tax benefit resulting from the pro forma adjustments using the Company's effective tax rate for the period.

