
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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, 2003

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

CERTEGY INC.

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of
incorporation or organization)

11720 Amber Park Drive

Alpharetta, Georgia

(Address of principal executive offices)

58-2606325

(I.R.S. Employer
Identification No.)

30004

(Zip Code)

(678) 867-8000

(Registrant's telephone number, including area code)

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

<u>Title of each class:</u>	<u>Name of each exchange on which registered:</u>
Common Stock, par value \$0.01 per share	New York Stock Exchange
Common Stock Purchase Rights	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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). 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 \$27.75 as reported by the New York Stock Exchange on June 30, 2003, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by nonaffiliates was \$1,817,038,254. For the purposes of the foregoing sentence only, all directors and executive officers of the registrant were assumed to be affiliates. The number of shares outstanding of the registrant's common stock, \$0.01 par value per share, was 64,325,342 as of January 30, 2004.

DOCUMENTS INCORPORATED BY REFERENCE

The Proxy Statement for the Annual Meeting of Shareholders to be held on May 13, 2004 is incorporated by reference to the extent indicated under Items 10, 11, 12, 13, and 14, into Part III of this Form 10-K.

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PART I

ITEM 1. BUSINESS

Brief History

Certegy Inc. (“Certegy”) provides credit and debit card processing and check risk management services to financial institutions and merchants in the U.S. and internationally. 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, Thailand, and the Dominican Republic. Revenues of our domestic card issuer services business are primarily derived from independent community banks and credit unions, while revenues of our international card issuer services business are generated from large and small financial institutions. Additionally, Card Services provides merchant processing and e-banking services in the U.S. and card issuer software, support, and consulting services in numerous countries. In 2003, we serviced over 38 million accounts worldwide. 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. A significant portion of our check risk management services revenues are generated from several large national and regional retail chains. In 2003, we authorized approximately \$35.2 billion of check transactions worldwide.

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. (“Equifax”) 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 under the laws of the State of Georgia as a wholly-owned subsidiary of Equifax as “Equifax PS, Inc.” After Equifax’s contribution of its Payment Services division to us, and our adoption of the name Certegy Inc., Equifax “spun off” the business of the Payment Services division on July 7, 2001, through a tax-free dividend of all of our outstanding shares of common stock to Equifax’s shareholders of record as of June 27, 2001. 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.”

Acquisitions

In May 2001, we acquired the remaining 40.7 percent minority interest in our card processing operation in Brazil, for \$55.5 million in cash. We previously held a 59.3 percent controlling interest in this operation, which we acquired in 1998.

In August 2001, we acquired Accu Chek, Inc. (“Accu Chek”), a leading provider of third-party check collection services in the U.S., for \$23.5 million in cash, which is net of \$1.5 million of cash acquired.

On December 31, 2002, we acquired the majority of assets and liabilities of Netzee, Inc. (“Netzee”), a provider of e-banking services to community banks and credit unions in the U.S., for \$10.4 million in cash.

In September 2003, we acquired a merchant portfolio for \$4.5 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. Additionally, we began processing American Express cards for a Dominican Republic bank in January 2003, which is serviced from our St. Petersburg, Florida processing center. Our debit card services 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. In the U.S., our card processing business is concentrated in the independent community bank and credit union segments of the market, while internationally, we service both large and small financial institutions. We provide our card issuer services internationally through our operations in the U.S., Brazil, Chile, the U.K., and Australia.

The majority of our domestic card issuer programs is full service, including most of the operations and support necessary for an issuer to operate a credit and debit card program. More specifically, we process the card transactions on the 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 our customers' credit and debit cards to their cardholders; customer service on behalf of the card issuers to their customers; card portfolio management and analysis; invoicing cardholders; receiving and processing cardholder payments; and collection services. We do not make credit decisions for our customers, nor do we fund their card receivables. Our services offer flexibility for those of our customers that require less than our full service programs. Such customers include large card issuing institutions 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 or use another vendor for such support.

Our two most significant domestic customer segments, independent community banks and credit unions, 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 two associations representing independent community banks and credit unions in the U.S., the Independent Community Bankers of America (the "ICBA") and Card Services for Credit Unions ("CSCU"). We have product offerings 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 utilize the marketing channels of ICBA and CSCU to more effectively provide service offerings to individual credit unions and 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.

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 order for us to provide our transaction processing services, VISA must designate us as a member service provider, and for certain services, as an independent sales organization of VISA, and we must be designated by MasterCard as a member service provider. To retain these designations, we must be sponsored by member clearing banks of VISA and MasterCard and continue to comply with the standards of the VISA and MasterCard associations. Our products are affected by VISA and MasterCard electronic payment standards that are generally updated twice annually. In addition, our customers are subject to government regulations and industry standards with which our products and services must comply.

In December 1997, we began providing 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 data center. Our retail Internet banking services enable our bank customers to offer a wide array of Internet based banking services to consumers, such as on-line account information, loan and account applications, and electronic bill payment. Our corporate Internet banking services enable our bank customers to offer their commercial customers various electronic commercial banking services, including on-line account information, bill payment, funds transfers, and other electronic services.

We intend to continue to expand our card processing business in the independent community bank and credit union segments of the market. Moreover, our future growth and profitability will significantly depend upon our ability to penetrate additional international markets, including emerging markets for electronic transaction processing. Our certification as an American Express processor also provides further growth opportunities for us in the global card market.

In 2003, revenues from Card Services comprised 63 percent of our total revenues, compared to 66 percent in 2002 and 67 percent

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in 2001. The decline in Card Services revenues as a percentage of our total revenues is primarily due to the loss of a large customer in our merchant processing business, which was acquired and moved its account to its new owner's processor in the third quarter of 2002; the loss of a large customer in our Brazilian card operation, which deconverted its portfolio at the beginning of March 2003; and the purging of merchants in our merchant processing business who no longer met our risk profile criteria in November 2002.

Check Services. Certegy Check Services provides 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. A significant portion of our revenues from check risk management services is generated from several large national and regional merchants, including national retail chains. Other customers of our Check Services segment include hotels, automotive dealers, telecommunications companies, supermarkets, casinos, mail order houses, and other businesses. Our services allow our clients to run their customers' personal and business checks through an automated decision-making process that assesses the likelihood that a check will clear.

Our check risk management services include 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 utilize 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 have introduced several new products for existing and new markets, such as third-party check collections; electronic check risk management solutions for point-of-sale, call center, and electronic commerce applications; and 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.

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 services, although mass retailers are beginning to utilize our check verification, collection services, and deferred debit processing services.

In 2003, revenues from Check Services comprised 37 percent of our total revenues, compared to 34 percent in 2002 and 33 percent in 2001. The growth in Check Services revenues as a percentage of our total revenues is primarily due to the loss of two large customers in our Card Services segment, including a large customer in our merchant processing business, which was acquired and moved its account to its new owner's processor in the third quarter of 2002, and a large customer in our Brazilian card operation, which deconverted its portfolio at the beginning of March 2003. Additionally, the purging of merchants in our merchant processing business who no longer met our risk profile criteria in November 2002 impacted our Card Services revenues in 2002 and 2003.

For additional information relating to our business segments and operations within and outside the U.S., see Note 12 to the consolidated financial statements in Part II, Item 8 of this report.

Recent Financial Results

Our financial results for 2003 as compared to the prior periods have been adversely impacted by the loss of a large customer in our merchant processing business, which was acquired and moved its account to its new owner's processor in the third quarter of 2002 and the loss of a large customer in our Brazilian card operation, which deconverted its portfolio at the beginning of March 2003. Although the loss of a customer in our merchant processing business had a significant impact on our revenues during the fourth quarter of 2002 and in 2003, it did not have a significant impact on our operating income in those same periods. In addition, our financial results have been adversely impacted by slow retail volumes in our Check Services segment due to the general economic slowdown and, in addition, incremental start-up costs relating to our check cashing services business. We have recently begun to notice an increase in guarantee volume in our Check Services business, and we are continuing to experience strong growth in our Card Services segment, other than in our merchant processing services and South American card issuer operations. Although management believes that positive developments such as these will help to offset the effect of the negative factors mentioned above, there can be no assurance that those factors will not continue to have an adverse impact on our financial results.

Our Strategy

We believe that the increased use of credit, debit, and other electronic payment cards around the globe will continue to present the card processing industry with significant growth opportunities. We also believe that strong demand for check risk management services due to increased check fraud at the point-of-sale and retailers' growing reliance on third parties for assistance in accurately identifying good check writers to reduce bad check losses will continue to present us with growth opportunities.

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

Card Services.

Utilize our competitive strengths in the U.S. to further increase our share of revenue in the U.S. credit and debit card markets, including 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, quality-of-service ratings, and customer satisfaction;
- Our “full service” processing capabilities, which enable us to provide among the most comprehensive processing solutions available; and
- Our competitive prices.

Grow our customer base and processing volumes outside the U.S. In international markets, we will continue to focus our efforts on marketing to leading card processing prospects, developing flexible processing services tailored to the diverse credit cultures in Europe, South America, and Asia-Pacific, and utilizing our competitive advantages. These advantages include our strength in providing full service processing services and our proprietary card processing systems. Our proprietary systems are scalable and portable, and have been customized to process in country-specific environments in over 25 countries around the world. This customization enables us to enter new geographic markets quickly and inexpensively, and positions us to be a preferred vendor for outsourced card processing as this concept expands outside the U.S.

Increase our revenues from our debit card processing products and services and from other existing and new 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. We intend to develop and market Internet service capabilities that will allow cardholders to manage their debit and credit card accounts and conduct electronic commerce more efficiently and effectively.

Check Services.

Utilize our competitive strengths to increase our market share in the check risk management markets, both in the U.S. and internationally. Those strengths include our advanced check risk management algorithms and systems, our ability to introduce successful new check risk management products, and our company’s existing operations and customer relationships in Europe, South 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 existing and 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 consider 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 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 our customers and indirectly through ICBA and CSCU using print advertising and direct mail efforts. We participate in major industry tradeshow and publicity events. Given 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 promote 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.

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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 market for our products and services is highly competitive. We compete directly with third-party payment processors and companies that market software for the electronic payment industry. We also compete against software and transaction processing systems developed and used in-house by our potential customers. Our competitors in the Card Services segment include third-party credit and debit card processors, including First Data Corporation, Total System Services, Electronic Data Systems Corporation, and Payment Systems for Credit Unions, and third-party software providers, which license their card processing systems to financial institutions and third-party processors. Competitors in the Check Services segment include First Data's TeleCheck Services division, eFunds, and Global Payments.

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 volumes.

Our markets are characterized by rapid technological change, new product introductions, evolving industry standards, and changing customer needs. In order to remain competitive, we are continually involved in the development of new products and services. These initiatives carry the risks associated with any new product development efforts, including cost overruns, delays in delivery, and performance issues.

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

Revenues of our domestic card issuer services business are primarily derived from independent community banks and credit unions, while revenues of our international card issuer services business are primarily generated from several large and small financial institutions. A significant portion of our check risk management services revenues are generated from several large national and regional retail chains.

We have long-term contractual alliances with two associations representing independent financial institutions in the U.S., the ICBA and CSCU. Under these alliances, Card Services is the exclusive partner for offering credit card issuer and merchant processing services to those associations' members. We are also the exclusive partner of CSCU for offering debit card processing to its members. As a result, approximately 22.9 percent of our consolidated revenues in 2003 were 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 December 2003, our contracts with the ICBA and CSCU were extended into 2008 and 2009, respectively.

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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.

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 expertise. 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 Ronald A. Katz Technology Licensing L.P. patents pertaining to various interactive technologies, 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 in which we conduct our electronic processing activities.

Given 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, protection of consumers' personal information, and compliance 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 Federal 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, has enforcement responsibility over the collection laws, as well as the various credit reporting laws.

Elements of our check cashing business are registered as a Money Services Business and are subject to certain reporting requirements of the USA Patriot Act. This business is also subject to various state and local licensing requirements. The Financial Crimes Enforcement Network, state attorneys general, and other agencies have enforcement responsibility over laws relating to money laundering, currency transmission, and licensing.

Given we conduct 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.

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Employees

As of January 30, 2004, Certegy had approximately 4,985 employees, including 2,021 employees principally employed outside of the U.S. None of our U.S. workforce currently is unionized. We have not experienced any work stoppages, and we consider our relations with employees to be good.

Available Information

Certegy's Internet website address is www.certegy.com. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we file them with, or furnish them to, the Securities and Exchange Commission. Certegy's Corporate Governance Policy and Code of Business Conduct and Ethics are also available on our website and are available in print to any shareholder who mails a request to the Corporate Secretary, Certegy Inc., 11720 Amber Park Drive, Suite 600, Alpharetta, Georgia 30004. Other corporate governance-related documents can be found at our website as well.

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.

We rely heavily on a small number of specific business segments for the majority of our revenues.

Revenues of our domestic card issuer services business are primarily derived from independent community banks and credit unions, while revenues of our international card issuer services business are primarily generated from several large and small financial institutions. A significant portion of our check risk management services revenues are generated from several large national and regional retail chains. The financial condition of these customers and their willingness to pay for our products and services are affected by general market conditions, competitive pressures, and operating margins within their industries. The retailing industry is currently facing downturns in demand and structural changes in the industry. We could experience declines in revenue as a result of any factors that would adversely affect independent banks, credit unions, and retailers.

A significant portion of our business is derived from two key strategic relationships, and a loss of either of those relationships could adversely affect our profits.

We have long-term contractual alliances with two associations representing independent financial institutions in the U.S., the Independent Community Bankers Association, or ICBA, and Card Services for Credit Unions, or CSCU. Under these alliances, which were extended during December 2003, and which expire in 2008 and 2009, respectively, we are the associations' exclusive partner for offering credit card issuer and merchant processing services to those associations' members. We are also the exclusive partner of CSCU for offering debit card processing to its members. As a result, approximately 22.9 percent of our consolidated revenues in 2003 were derived from their member institutions. 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, which would have a material adverse effect on our business.

Our revenues from the sale of services to VISA and MasterCard organizations are dependent upon our continued VISA and MasterCard certification and financial institution sponsorship, and the loss or suspension of this certification or sponsorship could adversely affect our business.

In order to provide our transaction processing services, we must be designated a certified processor by, and be a member service provider of, MasterCard and be designated as an independent sales organization of VISA. These designations are dependent upon our continuing adherence to the standards of the VISA and MasterCard associations. The member financial institutions of VISA and MasterCard, some of which are our competitors, set the standards with which we must comply. If we fail to comply with these standards, our designation as a certified processor, as a member service provider, or as an independent sales organization could be suspended or terminated. The termination of our member service provider status or our status as a certified processor, or any changes in the VISA and MasterCard rules that prevent our registration or otherwise limit our ability to provide transaction processing and marketing services for the VISA or MasterCard organizations would result in the loss of business from VISA or MasterCard issuing customers, and lead to a reduction in our revenues, which would have a material adverse effect on our business.

We face chargeback liability if our merchants refuse or cannot reimburse chargebacks resolved in favor of their customers, and we face liability to our merchant customers if checks that we have guaranteed are dishonored by the check writer's bank.

If a billing dispute between a merchant and a cardholder is not ultimately resolved in favor of the merchant, the disputed transaction is "charged back" to the merchant's financial institution and credited to the account of the cardholder. If we are unable to collect the chargeback amounts from our merchant customer's account, or if the merchant refuses or is financially unable to fund these amounts due to insolvency or bankruptcy or other reasons, we must bear the credit risk for the full amount of the refund paid to the cardholder's financial institution. We require cash deposits and other types of collateral from certain merchants to minimize any such risk. In addition, we utilize a number of systems and procedures to manage merchant risk and believe that the diversification of our merchant portfolio among industries and geographic regions minimizes our risk of loss. We recognize a reserve for estimated merchant credit losses based on historical experience and other relevant factors. This reserve amount is subject to the risk that actual losses may be greater than our estimates.

If a check that we have guaranteed is dishonored by the check writer's bank, we must reimburse our merchant customer for the check's face value and pursue collection of the amount from the delinquent check writer. We recognize a liability to our merchant customers for estimated check returns and a receivable for amounts we estimate we will recover from the check writers, based on historical experience and other relevant factors. The estimated check returns and recovery amounts are subject to the risk that actual amounts returned may exceed our estimates and actual amounts recovered may be less than our estimates.

Continued consolidation in the financial services and retail industries could reduce our customer base and reduce our revenues.

Consolidation of our customers could result in a smaller market for our products and services. After consolidation, banks and other financial institutions and retailers may realign management responsibilities and reexamine strategic and purchasing decisions with potential adverse effects on demand for our products or services. We may lose relationships with key constituencies within our customer's organization due to budget cuts, layoffs, or other disruptions following a consolidation. In addition, consolidation may result in a change in the technological infrastructure of the combined entity. Our products and services may not integrate with this new technological infrastructure. In addition, the acquiring institution may have its own in-house system or outsource to competitors.

A prolonged and permanent decline in check writing could adversely impact our profits within 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. A prolonged and permanent decline in check writing could lead to a negative impact on the profitability of our Check Services segment.

Our customers are subject to a regulatory environment and to industry standards that may change in a manner that reduces the number of transactions in which our customers engage and therefore reduces our revenues.

Our customers are subject to a number of government regulations and industry standards with which our products and services must comply. For example, our products are affected by VISA and MasterCard electronic payment standards that are generally updated twice annually. In addition, action by regulatory authorities relating to credit availability, data usage, privacy, or other related regulatory developments could have an adverse effect on our customers and therefore could have a material adverse effect on our business, financial condition, and results of operations.

Demand for our products and services is sensitive to the level of consumer transactions generated by our customers, and accordingly, our revenues could be impacted negatively by a general economic slowdown or any other event causing a material slowing of consumer spending.

A significant portion of our revenue is derived from transaction processing fees. Any changes in economic factors that adversely affect consumer spending and related consumer debt, or a reduction in credit and debit card use, could reduce the volume of transactions that we process, and have an adverse effect on our business, financial condition, and results of operations.

To remain competitive and grow our revenues, we must continually update our products and services, a process which could result in increased costs and the loss of revenues and customers if the new products and services do not perform as intended or are not accepted in the marketplace.

The credit and debit card transaction processing and check services markets in which we compete include a wide range of products and services, including electronic transaction processing, check authorization, and other customer support services. The market is characterized by technological change, new product introductions, evolving industry standards, and changing customer needs. In order to remain competitive, we are continually involved in the development of new products and services. These initiatives carry the risks

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associated with any new product development effort, including cost overruns, delays in delivery, and performance issues. A delay in the delivery of new products or services could render them less desirable to our customers, or possibly even obsolete. In addition, the products and services we deliver to the electronic payments market are designed to process transactions and deliver reports and other information on those transactions at very high volumes and processing speeds. Any performance issue that arises with a new product or service could result in significant processing or reporting errors. As a result of these factors, our research and development efforts could result in increased costs that could reduce our revenues and operating income if new products are not delivered timely to our customers, or a loss of revenue, or possible claims for damages if new products and services do not perform as anticipated.

To continue to grow profitably, we must expand our share of the credit and debit card transaction processing market and enter new markets, and the failure to do this could adversely affect our business.

Our domestic card issuer business is concentrated in the independent community bank and credit union segments of the market, and we have achieved a significant degree of penetration of these market segments. While we intend to continue our vigorous pursuit of expansion within these segments, our future growth and profitability will significantly depend upon our ability to penetrate other markets, including emerging markets for electronic transaction processing, such as international transaction processing and Internet payment systems. As part of our strategy to achieve this expansion, we will continue to seek acquisition opportunities, investments, and alliance relationships that will facilitate our expansion; however, we may not be able to complete suitable acquisitions, investments, or alliances, and if we do, they may not provide us with the benefits we anticipated. Also, we may not have adequate financial and technological resources to develop products and distribution channels that will satisfy the demands of new markets.

If the security of our databases is compromised, our reputation could suffer and our business could be adversely affected.

We collect personal consumer data, such as names and addresses, social security numbers, drivers license numbers, checking and savings account numbers, and payment history records. Unauthorized access to our databases could result in the theft or publication of personal confidential information and the deletion or modification of personal records or otherwise cause interruptions in our operations. These concerns about security are increased when we transmit information over the Internet. A security or privacy breach may have any one or more of the following effects, any one or more of which could have a material adverse effect on our business, financial condition, and results of operations:

- deter customers from using our products and services;
- harm our business and reputation;
- expose us to liability; or
- increase our operating expenses to correct problems caused by the breach.

If we experience system failures, the products and services we provide to our customers could be delayed or interrupted, which could harm our business and reputation and result in the loss of customers.

Our ability to provide reliable service largely depends on the efficient and uninterrupted operations of our computer network systems and data centers. Our systems and operations could be exposed to damage or interruption from fire, natural disaster, power loss, telecommunications failure, unauthorized entry, and computer viruses. Although we have taken steps to prevent system failures, we cannot be certain that our measures will be successful. Further, our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur. Any significant interruptions could:

- increase our operating expenses to correct problems caused by the interruption;
- harm our business and reputation;
- result in a loss of customers; or
- expose us to liability.

Any one or more of the foregoing occurrences could have a material adverse effect on our business, financial condition, and results of operations.

We may be liable for violating the intellectual property rights of third parties or have difficulties enforcing our own intellectual property rights.

Our Internet banking services and transaction processing services utilize significant proprietary software, technology, and other intellectual property. We rely on a combination of intellectual property laws and confidentiality agreements to protect these rights. These

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may not be adequate to protect all of our rights, however. In addition, our intellectual property rights could be challenged or held unenforceable in any dispute with third parties. Third parties may independently develop similar or competitive technology that does not infringe our rights, and we could not prevent its use. We do not believe that our business infringes the intellectual property rights of others.

Nonetheless, a third party may in the future bring a lawsuit for infringement against us. In such case, we may be forced to acquire a license to continue using the disputed intellectual property, if one is even offered to us on reasonable terms. We may also be forced to defend ourselves in infringement litigation, which is costly, regardless of the merits of the claim. If we did not prevail in any such litigation, we could be liable for money damages or be enjoined from using certain of our technology.

Any of the foregoing occurrences could have a material adverse effect on our business, financial condition, and results of operations.

We plan to continue expansion of our international operations, which will subject us to additional business risks and may cause our profitability to decline due to increased costs.

We believe that the international market for our products is growing rapidly, and we expect to commit significant resources to expand our international sales and marketing activities. As we expand internationally, we will be increasingly subject to a number of risks and potential costs, including:

- political and economic instability;
- unexpected changes in regulatory requirements and policy, the adoption of laws detrimental to our operations such as legislation relating to the collection of personal data over the Internet or the adoption of laws, regulations, or treaties governing the export of encryption related software;
- burdens of complying with a wide variety of other laws and regulations;
- failure to adequately manage currency exchange rate fluctuations;
- potentially adverse tax consequences, including restrictions on the repatriation of earnings;
- potential difficulty of enforcing agreements and collecting receivables in some foreign legal systems; and
- general economic conditions in international markets.

We may not be able to overcome these barriers or avoid significant expenditures in addressing these potential risks.

Foreign currency fluctuations may adversely affect us.

Approximately 15.5 percent of our consolidated revenues for the year ended December 31, 2003 and 35.9 percent of our consolidated assets at December 31, 2003 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 our Brazilian card processing operation, was a \$75.1 million and \$113.4 million reduction of shareholders' equity at December 31, 2003 and 2002, respectively.

Negative economic and difficult political conditions in Brazil could adversely affect our Brazilian operations.

Economic and political conditions in Brazil are uncertain and volatile, which could adversely affect our Brazilian operations. The currency of Brazil has experienced volatility and a major devaluation, which historically has resulted in severe inflationary pressures. In addition, significant changes in bank ownership, as large private banks acquire smaller regional banks and foreign global banks acquire Brazilian banks, could result in the loss of customers. These conditions make it challenging for us to develop our business and generate revenues in Brazil. See "Management's Discussion and Analysis of Financial Condition and Results of Operations— Seasonality, Inflation, and Economic Downturns" included elsewhere in this report.

Our market is highly competitive, and some of our competitors have substantially greater resources than we do.

We expect the market for our products and services to remain highly competitive. Our failure to remain competitive may have a material adverse effect on our business, financial condition, and results of operations. We face direct competition from third-party payment processors and companies that market software for the electronic payment industry. We also compete against software and transaction processing systems developed and used in-house by our potential customers. Our competitors may develop products and services that are superior to or that achieve greater market acceptance than our products and services. The sizes of competitors vary across market

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segments, as do the resources we have allocated to the segments we target. Therefore, certain of our competitors may have significantly greater financial, technical, marketing, or other resources than we do in each of our market segments or overall. As a result, our competitors may be in a position to respond more quickly than we can to new or emerging technologies and changes in customer requirements, or may devote greater resources than we can to the development, promotion, sale, and support of their products and services. Moreover, new competitors or alliances among our competitors may emerge and rapidly decrease our market share. We may not be able to maintain our competitive position against current and potential competitors, especially those with significantly greater resources than we have. Accordingly, competitive pressures may have a material adverse effect on our business, financial condition, and results of operations.

Executive Officers of the Registrant

Information relating to our executive officers as of the end of the period covered by this report is set forth below. There are no family relationships among the executive officers, directors or nominees for director, nor are there any arrangements or understandings between any of the executive officers and any other persons pursuant to which they were selected as executive officers.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Lee A. Kennedy	53	Chairman of the Board, President and Chief Executive Officer
Larry J. Towe	56	Executive Vice President and Chief Operating Officer
Michael T. Vollkommer	45	Corporate Vice President and Chief Financial Officer
Walter M. Korchun	61	Corporate Vice President, General Counsel and Secretary
J. Gerard Ballard	46	Corporate Vice President and Chief Technology Officer
Richard D. Gapen	63	Corporate Vice President—Human Resources
Michael E. Sax	41	Corporate Vice President—Financial Planning and Treasurer
Pamela A. Tefft	34	Corporate Vice President and Controller
Mary K. Waggoner	45	Corporate Vice President—Investor and Public Relations
Gerald A. Hines	56	Senior Vice President—Global Business Development
Jeffrey S. Carbiener	41	Senior Vice President and Group Executive—Check Services
Robert W. Bream	50	Senior Vice President and Group Executive—Card Services North America
Vincent G. Pavese	48	Senior Vice President and Group Executive—International Card Services

Lee A. Kennedy has served as our Chairman of the Board since February 2002 and President and Chief Executive Officer since March 2001. Mr. Kennedy served as President, Chief Operating Officer, and a director of Equifax Inc. from June 1999 until June 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 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 2001. Mr. Vollkommer previously served as Corporate Vice President and Controller of Equifax Inc. from November 1999 until June 2001. 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.

Walter M. Korchun has served as our Corporate Vice President, General Counsel and Secretary since August 2002. Previously, Mr. Korchun served as our Senior Vice President and Chief Operations Counsel from 2000 to 2002. From 1990 to 2000, Mr. Korchun served as Senior Vice President, General Counsel and Secretary of AT&T Universal Card Services, a provider of credit cards and related services.

J. Gerard Ballard has served as our Corporate Vice President and Chief Technology Officer since June 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.

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Richard D. Gapen has served as our Corporate Vice President—Human Resources since June 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 2002 and previously as Corporate Vice President and Controller from June 2001 through February 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 2002 and previously as Vice President of Financial Reporting from June 2001 through February 2002. Ms. Tefft previously served as the Financial Audit Director 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 and Public 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 for Firststar/Mercantile in St. Louis, Missouri from 1997 until 2000. 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—Global Business Development since November 2003. Mr. Hines previously served as Senior Vice President and Group Executive—Card Services from June 2001 until November 2003 and 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, from April 1993 to August 1997.

Jeffrey S. Carbiener has served as our Senior Vice President and Group Executive—Check Services since June 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.

Robert W. Bream has served as our Senior Vice President and Group Executive—Card Services North America since November 2003. Mr. Bream previously served as our Senior Vice President and General Manager—Card Services North America from September 2002 until November 2003. Prior to joining Certegy, Mr. Bream served as President, CEO and Treasurer for United Airlines Credit Union from 1991 to 2002.

Vincent G. Pavese has served as our Senior Vice President and Group Executive—International Card Services since November 2003. Mr. Pavese previously served as our Senior Vice President and General Manager—International Card Services from September 2002 until November 2003 and as our Senior Vice President and General Manager—Card Services North America from January 1999 until September 2002. Prior to that, he held various positions with Equifax (and formerly Telecredit) since 1986.

ITEM 2. PROPERTIES

Our corporate headquarters are located in a leased facility in Alpharetta, Georgia. 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 leased building. Card Services and Check Services have other smaller leased operations facilities in Alabama, Wisconsin, Utah, Oregon, 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 other locations where we do business.

ITEM 3. LEGAL PROCEEDINGS

We are party to a number of routine claims and lawsuits incidental to our business. We believe the ultimate resolution of these matters will not have a materially adverse effect on our financial position, liquidity, or results of operations.

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

Our common stock trades on the New York Stock Exchange under the ticker symbol "CEY." The table set forth below provides the high and low sales prices of our common stock and the cash dividends declared per share of common stock for each quarter of 2003 and 2002.

	<u>High</u>	<u>Low</u>	<u>Dividend</u>
<u>2003</u>			
First Quarter	\$26.82	\$21.10	\$ —
Second Quarter	\$30.88	\$24.22	\$ —
Third Quarter	\$32.98	\$25.55	\$ 0.05
Fourth Quarter	\$35.24	\$31.15	\$ 0.05
<u>2002</u>			
First Quarter	\$41.50	\$33.20	\$ —
Second Quarter	\$44.45	\$35.76	\$ —
Third Quarter	\$38.12	\$16.70	\$ —
Fourth Quarter	\$26.50	\$20.15	\$ —

As of January 30, 2004, there were approximately 7,445 shareholders of record of our common stock.

We began declaring cash dividends to common shareholders in the third quarter of 2003. The declaration and payment of future dividends is at the discretion of our board, and depends on among other things, 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. Additionally, the payment of cash dividends may be limited by covenants in certain debt agreements.

Item 12 of Part III contains information concerning securities authorized for issuance under our equity compensation plans.

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ITEM 6. SELECTED FINANCIAL DATA

Our selected financial data set forth below should be read in conjunction with Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations, Item 8: Financial Statements and Supplementary Data, and Exhibit 99.1: Non-GAAP Statement of Income for the Year Ended December 31, 2001, included elsewhere in this report.

The historical income statement data for the years ended December 31, 2003, 2002, and 2001 and the historical balance sheet data as of December 31, 2003 and 2002 are derived from the audited consolidated financial statements included elsewhere in this report. The historical financial data as of December 31, 2001, 2000, and 1999 and for the years ended December 31, 2000 and 1999 are derived from our audited consolidated financial statements.

	Year Ended December 31,				
	2003(1)	2002(1)	2001	2000	1999
(Dollars in thousands, except for per share data)					
Results of Operations:					
Revenues (2)	\$ 1,015,464	\$ 1,007,968	\$ 935,971	\$ 865,907	\$ 763,297
Operating expenses (2)(3)(4)	861,064	856,019	784,552	718,748	635,812
Operating income	154,400	151,949	151,419	147,159	127,485
Other income, net	2,339	1,119	78	1,309	2,311
Interest expense (5)	(7,950)	(7,120)	(7,200)	(1,301)	(901)
Income before income taxes, minority interests, and cumulative effect of a change in accounting principle	148,789	145,948	144,297	147,167	128,895
Provision for income taxes	(55,052)	(55,964)	(56,276)	(57,609)	(54,272)
Minority interests in earnings, net of tax	—	—	(945)	(1,096)	6
Income before cumulative effect of a change in accounting principle	93,737	89,984	87,076	88,462	74,629
Cumulative effect of a change in accounting principle, net of \$832 income tax benefit	(1,335)	—	—	—	—
Net income	\$ 92,402	\$ 89,984	\$ 87,076	\$ 88,462	\$ 74,629
Basic earnings per share (6):					
Income before cumulative effect of a change in accounting principle	\$ 1.44	\$ 1.32	\$ 1.27	\$ 1.32	\$ 1.09
Net income	\$ 1.42	\$ 1.32	\$ 1.27	\$ 1.32	\$ 1.09
Diluted earnings per share (7):					
Income before cumulative effect of a change in accounting principle	\$ 1.42	\$ 1.30	\$ 1.26	\$ 1.30	\$ 1.07
Net income	\$ 1.40	\$ 1.30	\$ 1.26	\$ 1.30	\$ 1.07
Cash dividends declared per common share	\$ 0.10	\$ —	\$ —	\$ —	\$ —
Other Operating Data:					
Depreciation & amortization	\$ 42,030	\$ 39,050	\$ 45,677	\$ 42,698	\$ 35,758
Cash flows from operations	\$ 138,096	\$ 126,655	\$ 102,876	\$ 103,784	\$ 146,220
Change in settlement accounts, included in cash flows from operations prior to spin-off (8)	\$ —	\$ —	\$ (29,040)	\$ (21,353)	\$ 25,020
Capital expenditures	\$ 43,955	\$ 48,961	\$ 49,349	\$ 38,789	\$ 50,111
Ratio of earnings to fixed charges (9)	12.80x	13.49x	12.67x	22.16x	21.71x
Balance Sheet Data:					
Total assets (10)	\$ 785,047	\$ 702,141	\$ 736,203	\$ 523,049	\$ 516,567
Long-term debt	\$ 222,399	\$ 214,200	\$ 230,000	\$ —	\$ —
Total shareholders' equity	\$ 261,139	\$ 198,443	\$ 211,865	\$ 323,618	\$ 271,490

- (1) Our financial results for the years ended December 31, 2003 and 2002 include other charges of \$12.2 million (\$7.7 million after-tax) in both years. The other charges in 2003 include \$9.6 million of early termination costs associated with a U.S. data processing contract, \$2.7 million of charges related to the downsizing of our Brazilian card operation, and \$(0.1) million of

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market value recoveries on our collateral assignment in life insurance policies, net of severance charges. The other charges in 2002 include an impairment write-off of \$4.2 million for the remaining intangible asset value assigned to an acquired customer contract in our Brazilian card operation, due to the loss of the customer; a \$4.0 million charge for the settlement of a class action lawsuit, net of insurance proceeds; and \$4.0 million of severance charges and market value losses on our collateral assignment in life insurance policies. See Note 3 to the consolidated financial statements for further information.

- (2) On January 1, 2002, we adopted EITF No. 01-14, as further described in Note 2 to the consolidated financial statements, which required reimbursements received for out-of-pocket expenses to be reclassified from operating expenses to revenues. Amounts for years prior to 2002 were also reclassified to conform to this presentation.
- (3) General corporate expense was \$18.5 million, \$19.3 million, \$11.9 million, \$7.8 million, and \$7.3 million, respectively, for the years ended December 31, 2003, 2002, 2001, 2000, and 1999. We estimate our general corporate expense would have increased by approximately \$6.5 million annually for periods prior to the spin-off had we been operating on a full year stand-alone basis.
- (4) We adopted SFAS No. 142, "Goodwill and Other Intangible Assets," effective January 1, 2002, which ceased the amortization of goodwill.
- (5) In conjunction with our spin-off from Equifax in July 2001, we made a cash payment to Equifax of \$275 million to reflect our share of Equifax's pre-distribution debt used to establish our initial capitalization. This was funded through \$400 million of unsecured revolving credit facilities we obtained in July 2001. Interest expense for periods prior to the spin-off principally consist of interest paid on a line of credit held by our Brazilian card business and interest charged by Equifax on overnight funds borrowed on our behalf.
- (6) Prior to our spin-off from Equifax, 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 for the same periods presented.
- (7) Prior to our spin-off from Equifax, diluted weighted average shares outstanding is estimated based on the dilutive effect of stock options calculated in the third quarter of 2001.
- (8) Settlement receivables and payables on our consolidated balance sheets result from the timing differences in our settlement process with merchants, financial institutions, and credit card associations related to merchant and card processing. Prior to the spin-off, the cash held by us associated with this settlement process was held by Equifax and included in our intercompany receivables from Equifax, a component of equity.
- (9) For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of our income before income taxes, cumulative effect of a change in accounting principle, and fixed charges, but including minority interests. "Fixed charges" consist of interest on indebtedness, amortization of deferred financing costs, and an estimated amount of rental expense that is deemed to be representative of the interest factor.
- (10) Historically, we netted the claims payable and claims recoverable amounts related to our Check Services business within other current liabilities in the consolidated balance sheets. Beginning in 2002, we reclassified the claims recoverable as a current asset and the claims payable as a current liability. Amounts for years prior to 2002 were also reclassified to conform to this presentation.

ITEM 7. 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 Exhibit 99.1: Non-GAAP Consolidated Statement of Income for the Year Ended December 31, 2001, included elsewhere in this report.

Overview

We provide credit and debit card processing and check risk management services to financial institutions and merchants in the U.S. and internationally through two segments, Card Services and Check Services. Card Services provides card issuing services in the U.S, the U.K., Brazil, Chile, Australia, New Zealand, Ireland, Thailand, and the Dominican Republic. Additionally, Card Services provides merchant processing and e-banking services in the U.S. and card issuing 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.

Card Services. 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. Additionally, we began processing American Express cards for a Dominican Republic bank in January 2003, which is serviced from our St. Petersburg, Florida processing center. Our debit card services 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

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through ATMs or merchant point-of-sale terminals. In the U.S., our card processing business is concentrated in the independent community bank and credit union segments of the market, while internationally, we service both large and small financial institutions. We provide our card issuer services internationally through our operations in the U.S., Brazil, Chile, the U.K., and Australia. 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, while our e-banking services enable financial institutions to offer Internet banking and related products to consumers and businesses. Card issuing software, support, and consulting services allow customers to manage their credit card programs.

Card transactions continue to increase as a percentage of total point-of-sale payments, which fuels continuing demand for card-related products. We continue to launch new products aimed at serving this demand. In recent years, we have introduced a variety of stored-value card types, Internet banking, and electronic bill presentment/payment products, as well as a number of card enhancement and loyalty/reward programs. The common theme among these offerings continues to be convenience and security for the consumer coupled with value to the financial institution. Over the past six years, we pursued growth in international markets through acquisitions in Brazil and Chile and the start-up of our card processing operations in the U.K. and Australia. In 2000, we entered into a five-year agreement with a multi-national Australian-based financial institution to process cards issued in Australia, New Zealand, the U.K., and Ireland, with operations commencing in the second quarter of 2001. This financial institution is serviced from our card processing operation in Australia, as well as from our card processing operation in the U.K. In 2003, we entered into an eight-year agreement with a Thailand financial institution, whereby it will outsource the processing of its VISA and MasterCard credit cards and unsecured personal loans. This financial institution is also serviced from our card processing operation in Australia. Card Services plans to pursue further card processing opportunities in the Asia Pacific Region, utilizing our Australian operation as the processing center.

We believe that the increased use of credit, debit, and other electronic payment cards around the globe will continue to present the card processing industry with significant growth opportunities. We intend to continue to expand our card processing business in the independent community bank and credit union segments of the market. Moreover, our future growth and profitability will significantly depend upon our ability to penetrate additional international markets, including emerging markets for electronic transaction processing. Our certification as an American Express processor also provides further growth opportunities for us in the global card market.

Check Services. Check Services provides 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. A significant portion of our revenues from check risk management services is generated from several large national and regional merchants, including national retail chains. Other customers of our Check Services segment include hotels, automotive dealers, telecommunications companies, supermarkets, casinos, mail order houses, and other businesses. Our services allow our clients to run their customers' personal and business checks through an automated decision-making process that assesses the likelihood that a check will clear. 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 services, although mass retailers are beginning to utilize our check verification, collection services, and deferred debit processing services.

In recent years, we have introduced several new products for existing and new markets, such as third-party check collections; electronic check risk management solutions for point-of-sale, call center, and electronic commerce applications; and 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.

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.

Key Performance Indicators. Management uses various key indicators to manage its business, including revenue and operating income growth, operating margin, earnings per share growth, number of cards and accounts on file, and volumes processed.

Comparability of Financial Results. Our financial results for 2003 as compared to the prior periods have been adversely impacted by the loss of a large customer in our merchant processing business, which was acquired and moved its account to its new owner's processor in the third quarter of 2002 and the loss of a large customer in our Brazilian card operation, which deconverted its portfolio at the beginning of March 2003. Although the loss of a customer in our merchant processing business had a significant impact on our revenues during the fourth quarter of 2002 and in 2003, it did not have a significant impact on our operating income in those same periods. In addition, our financial results have been adversely impacted by slow retail volumes in our Check Services segment due to the general economic slowdown and, in addition, incremental start-up costs relating to our check cashing services business. We have recently begun to notice an increase in guarantee volume in our Check Services business, and we are continuing to experience strong growth in our Card Services segment, other than in our merchant processing services and South American card issuer operations. Although management believes that positive developments such as these will help to offset the effect of the negative factors mentioned above, there can be no assurance that those factors will not continue to have an adverse impact on our financial results.

Business Developments

\$200 Million Note Offering. In September 2003, we completed our offering of \$200 million aggregate principal amount of 4.75 percent senior unsecured notes, which mature in September 2008. The proceeds from this offering were used to pay off the outstanding indebtedness under our \$300 million revolving credit facility and for general corporate purposes (see Note 6 to the consolidated financial statements for further information).

Adoption of FIN 46. On December 31, 2003, we adopted certain provisions of Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" ("FIN 46") as required for the synthetic lease on our St. Petersburg, Florida facility. In conjunction with the adoption of FIN 46, we recognized a cumulative effect of accounting change expense of \$1.3 million after-tax, or \$0.02 per diluted share. Additionally, we recorded property and equipment of \$21.0 million, which is net of accumulated depreciation, deferred income tax assets of \$0.8 million, long-term notes payable of \$22.4 million, and a minority interest liability of \$0.8 million, which is included in other long-term liabilities in the consolidated balance sheet (see Notes 2 and 6 to the consolidated financial statements for further information).

Share Repurchase Authority. In August 2003, the Board of Directors increased our remaining share repurchase authority to \$100 million. As of December 31, 2003, we had approximately \$40.1 million remaining authority for share repurchases.

Dividends. In August 2003, the Board of Directors approved an initial quarterly common stock dividend of \$0.05 per share, or \$3.2 million, which was paid on October 15, 2003 to shareholders of record as of the close of business on October 1, 2003. Additionally, in November 2003, the Board of Directors approved a quarterly common stock dividend of \$0.05 per share, or \$3.2 million, which was paid on January 15, 2004 to shareholders of record as of the close of business on January 1, 2004.

Other Charges in 2003 and 2002. During 2003, we recorded other charges of \$12.2 million (\$7.7 million after-tax). These charges include \$9.6 million of early termination costs associated with a U.S. data processing contract, \$2.7 million of charges related to the downsizing of our Brazilian card operation, and \$(0.1) million of market value recoveries on our collateral assignment in life insurance policies, net of severance charges. In 2002, we also recorded other charges of \$12.2 million (\$7.7 million after-tax). These charges include an impairment write-off of \$4.2 million for the remaining intangible asset value assigned to an acquired customer contract in our Brazilian card operation, due to the loss of the customer; a \$4.0 million charge for the settlement of a class action lawsuit, net of insurance proceeds; and \$4.0 million of severance charges and market value losses on our collateral assignment in life insurance policies (see Note 3 to the consolidated financial statements for further information).

Acquisitions. In May 2001, we acquired the remaining 40.7 percent minority interest in our card processing operation in Brazil for \$55.5 million in cash. We previously held a 59.3 percent controlling interest in this operation, which we acquired in 1998. In August 2001, we acquired Accu Chek, Inc. ("Accu Chek"), a leading provider of third-party check collection services in the U.S., for \$23.5 million in cash, which is net of \$1.5 million of cash acquired. On December 31, 2002, we acquired the majority of assets and liabilities of Netzee, Inc. ("Netzee"), a provider of e-banking services to community banks and credit unions in the U.S., for \$10.4 million in cash. In September 2003, we acquired a merchant portfolio for \$4.5 million in cash.

Spin-off from Equifax in 2001. On July 7, 2001, our spin-off from Equifax Inc. ("Equifax") was completed by consolidating all of the assets and liabilities of the businesses that comprised Equifax's Payment Services division into Certegy and its subsidiaries and then distributing all of Certegy's outstanding common stock to Equifax shareholders ("the Distribution"). For the period 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 \$3.2 million in 2001 for the period prior to the Distribution.

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 in 2001 had Equifax allocated interest expense to us on \$275 million of debt in the period prior to the Distribution. This interest amount is based on annual interest at a rate of LIBOR plus 100 basis points, which was our cost of borrowing under the revolving credit facility we utilized to fund the payment to Equifax.

Components of Income Statement

Card Services generates revenues from charges based on transaction volumes (U.S.), accounts or cards processed (globally), and fees for various services and products (globally), while Check Services generates revenues from charges based on transaction volumes, face value of checks guaranteed, and fees for various check services and products. 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 costs to develop and maintain applications, operate computer networks, and provide customer support; losses from check guarantee services; interchange (processing fees paid to credit card associations) and other fees related to merchant processing; depreciation and occupancy costs associated with the facilities where these functions are performed; and reimbursed out-of-pocket expenses. 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.

As part of our card merchant processing business, we contract directly with merchants, as well as with merchants' financial institutions. When we have a direct relationship with a merchant, revenues collected for our services are based primarily on a discount rate, which considers the cost of interchange fees. When our relationship is with a merchant's financial institution, we collect the interchange fees in addition to our transaction fees. In both instances, we are responsible for collecting the interchange fees after settling with the credit card associations. Interchange fees are recorded as a component of revenues and costs of services.

On January 1, 2002, we adopted Emerging Issues Task Force Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred" ("EITF 01-14"), which requires that reimbursements received for out-of-pocket expenses be classified as revenues. Historically, such reimbursements were netted against costs of services in the consolidated statements of income. As a result of this required adoption and certain similar reclassifications, actual revenues, as previously reported for the year ended December 31, 2001 have increased by \$84.8 million for reimbursed out-of-pocket expenses that include postage, delivery, telecommunication, and other costs. These reclassifications have no impact on operating income or net income.

Also on January 1, 2002, we adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), which modifies accounting for business combinations, goodwill, and identifiable intangible assets. As required by this standard, the amortization of goodwill ceased on January 1, 2002. Our operating results for the year ended December 31, 2001 include \$8.6 million (\$7.3 million after-tax, or \$0.10 per diluted share) of goodwill amortization expense.

GAAP and Non-GAAP Financial Measures

Our consolidated financial statements for the years ended December 31, 2003, 2002, and 2001 have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Throughout this management's discussion and analysis, we discuss certain financial measures for the year ended December 31, 2001 on a GAAP and a non-GAAP basis. The 2001 non-GAAP financial results include adjustments to reflect 1) additional operating and interest expenses estimated by management that would have been incurred in 2001, for the period prior to the Distribution, had we been operating on a full year stand-alone basis (see further discussion of these estimated additional expenses under the heading "Spin-off from Equifax in 2001") and 2) the elimination of goodwill amortization expense in 2001 as if SFAS 142 had been effective on January 1, 2001. Management believes that presentation of the 2001 financial results with these adjustments is more meaningful as it allows investors and management to evaluate and compare Certegy's operating results from ongoing operations from period to period in a more consistent manner. Management uses these non-GAAP results for 2001 in its management of the business given 1) the results for 2001 would have been different had we been operating on a stand-alone basis the entire year and thus, it is necessary for the additional operating and interest expenses to be included in the results and 2) there is no goodwill amortization expense in our 2003 and 2002 financial results and thus, it is more meaningful to exclude this expense in 2001 when comparing financial results with periods subsequent to the adoption of SFAS 142. Non-GAAP financial measures, however, should not be considered in isolation or as an alternative to financial measures calculated and presented in accordance with GAAP.

A reconciliation of the GAAP to non-GAAP financial results for the year ended December 31, 2001 is included on page 26 within this management's discussion and analysis, as well as in Exhibit 99.1 to this report.

Additionally, throughout this management's discussion and analysis, we refer to certain financial amounts both on a before- and after-tax basis. Management believes it is helpful to include the after-tax effect of certain financial charges to allow investors and management to evaluate their impact on net income and diluted earnings per share.

Highlights of the 2003 Consolidated Financial Results

Highlights of the 2003 financial results as compared to 2002, including other charges in both years, are as follows:

- Revenues grew 0.7 percent to \$1.0 billion.
- Operating income of \$154.4 million increased 1.6 percent.
- Interest expense totaled \$8.0 million versus \$7.1 million in 2002.
- Net income, including the cumulative effect of the accounting change, increased by 2.7 percent to \$92.4 million.
- Diluted earnings per share, including the cumulative effect of the accounting change, of \$1.40 increased 7.7 percent.

In 2003, we repurchased 2.6 million shares of our common stock at a cost of \$73.6 million, while capital expenditures totaled \$44.0 million.

Consolidated Results of Operations

The following table summarizes our consolidated results for the years ended December 31, 2003, 2002, and 2001:

	2003	2002	2001	2001 Non-GAAP(1)
	(in millions, except per share amounts)			
Revenues(2)	\$1,015.5	\$1,008.0	\$936.0	\$ 936.0
Operating expenses	\$ 861.0	\$ 856.0	\$784.6	\$ 779.2
Operating income	\$ 154.4	\$ 151.9	\$151.4	\$ 156.7
Other income, net	\$ 2.3	\$ 1.1	\$ 0.1	\$ 0.1
Interest expense	\$ (8.0)	\$ (7.1)	\$ (7.2)	\$ (15.6)
Income before cumulative effect of accounting change(3)	\$ 93.7	\$ 90.0	\$ 87.1	\$ 87.2
Net income	\$ 92.4	\$ 90.0	\$ 87.1	\$ 87.2
Diluted EPS:				
Income before cumulative effect of accounting change(3)	\$ 1.42	\$ 1.30	\$ 1.26	\$ 1.26
Net income	\$ 1.40	\$ 1.30	\$ 1.26	\$ 1.26

- (1) Includes non-GAAP adjustments in 2001 to reflect 1) the spin-off from Equifax as if it had occurred at the beginning of 2001 and 2) the elimination of goodwill amortization as if SFAS 142 had been effective on January 1, 2001. Page 26 of this management's discussion and analysis and Exhibit 99.1 to this report provide a detailed reconciliation of GAAP to non-GAAP financial results for the year ended December 31, 2001.
- (2) On January 1, 2002, we adopted EITF No. 01-14, as further described in Note 2 to the consolidated financial statements, which required reimbursements received for out-of-pocket expenses to be reclassified from operating expenses to revenues. Amounts for years prior to 2002 were also reclassified to conform to this presentation.
- (3) The cumulative effect of accounting change expense of \$1.3 million after-tax reflects the adoption of certain provisions of FIN 46 on December 31, 2003 as required for the synthetic lease on our St. Petersburg, Florida facility.

Consolidated Revenues

Year 2003 compared with Year 2002

Consolidated revenues in 2003 of \$1.0 billion increased \$7.5 million, or 0.7 percent, over 2002. Card Services revenues decreased \$16.4 million, or 2.5 percent, while Check Services experienced revenue growth of \$23.9 million, or 6.9 percent.

Overall, our revenue growth was driven by strong growth in our card issuer operations outside of South America and 6.9 percent growth in our global check business, which offset the impact of the loss of a large customer in both our Brazilian card issuer business in March 2003 and our merchant processing business in the third quarter of 2002, as well as the purging of merchants in our merchant processing business who no longer met our risk profile criteria in November 2002. The strengthening of certain foreign currencies against the U.S. dollar increased total U.S. dollar revenues by approximately \$6.7 million in 2003. The strengthening exchange rates of the British pound and Australian dollar more than offset the more volatile Brazilian real.

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Year 2002 compared with Year 2001

Consolidated revenues in 2002 of \$1.0 billion increased \$72.0 million, or 7.7 percent, over 2001. Card Services revenues grew \$29.2 million, or 4.6 percent, while Check Services experienced revenue growth of \$42.8 million, or 14.1 percent.

Overall, our revenue growth was driven by strong growth in our global card issuer and merchant processing businesses and 14.1 percent growth in our global check business. Currency rate changes, particularly the weakening of the Brazilian real, reduced total U.S. dollar revenues by approximately \$7.5 million in 2002. The Brazilian real remained volatile throughout the year, which more than offset the strengthening exchange rates of the British pound and Australian dollar.

Consolidated Operating Expenses

Year 2003 compared with Year 2002

Consolidated operating expenses in 2003 of \$861.1 million increased \$5.0 million, or 0.6 percent, over 2002. Operating expenses for Card Services decreased \$15.4 million, or 2.9 percent, while Check Services increased \$21.3 million, or 7.0 percent. Corporate expenses of \$18.5 million decreased \$0.8 million, or 4.1 percent, below 2002. Both 2003 and 2002 consolidated operating expenses include \$12.2 million of other charges.

Costs of services in 2003 of \$732.8 million increased \$1.0 million, or 0.1 percent, over 2002. Card Services experienced a \$21.3 million, or 4.5 percent, decline in costs of services driven by a \$29.6 million decrease in card merchant processing interchange fees (costs of services included \$133.0 million and \$162.6 million of interchange fees in 2003 and 2002, respectively) and a decrease in our South American card issuing costs of services due to the downsizing of our Brazilian card operation. Costs of services in our card issuing businesses in the U.S., the U.K., and Australia increased due to strong volume growth. Costs of services in Check Services increased \$22.3 million, or 8.7 percent, driven by volume growth in our global core check businesses, as well as incremental check cashing costs of services attributable to the continued roll-out of services in 2003.

Selling, general, and administrative ("SG&A") expenses in 2003 of \$116.1 million increased \$4.1 million, or 3.7 percent, over 2002. Card Services experienced a \$0.5 million, or 1.0 percent, increase in SG&A costs driven by incremental selling and administrative costs related to the acquisition of Netzee on December 31, 2002 and higher selling and administrative costs in card issuing, primarily in the U.S. and Australia, which more than offset the decline in Brazil's SG&A costs attributable to the downsizing of that operation in early 2003. SG&A costs in Check Services increased \$2.6 million, or 5.8 percent, primarily driven by the growth in new client acquisitions during the year. Corporate SG&A expense increased \$1.0 million, or 5.5 percent, primarily due to higher employee benefit and insurance costs.

During 2003, we recorded other charges of \$12.2 million (\$7.7 million after-tax). These charges include \$9.6 million of early termination costs associated with a U.S. data processing contract, \$2.7 million of charges related to the downsizing of our Brazilian card operation, and \$(0.1) million of market value recoveries on our collateral assignment in life insurance policies, net of severance charges.

Year 2002 compared with Year 2001

Consolidated operating expenses in 2002 of \$856.0 million increased \$71.5 million, or 9.1 percent, over 2001. Operating expenses for Card Services and Check Services increased \$19.6 million, or 3.8 percent, and \$44.4 million, or 17.0 percent, respectively. Corporate expenses of \$19.3 million increased \$7.5 million over 2001. The 2002 consolidated operating expenses include \$12.2 million of other charges, while the 2001 consolidated operating expenses include goodwill amortization expense and no adjustment for estimated additional corporate expenses that we estimate we would have incurred had the spin-off from Equifax occurred on January 1, 2001.

Costs of services in 2002 of \$731.8 million increased \$45.2 million, or 6.6 percent, over 2001 on a GAAP basis. Including adjustments for goodwill amortization expense and additional corporate expenses in 2001, costs of services in 2002 increased \$51.4 million, or 7.6 percent, over non-GAAP 2001. Approximately \$15.0 million of this increase was attributable to growth in card issuing and merchant volumes and other Card Services items, while \$36.4 million was driven by higher check volumes, as well as start-up costs related to our check cashing initiatives and other Check Services items. Card merchant costs of services included \$162.6 million and \$146.1 million of interchange fees in 2002 and 2001, respectively.

SG&A expenses in 2002 of \$112.0 million increased \$14.0 million, or 14.3 percent, over 2001 on a GAAP basis. Including an adjustment for additional corporate expenses in 2001, SG&A expenses in 2002 increased \$13.1 million, or 13.2 percent, over non-GAAP 2001. This increase is largely attributable to the growth in our international card issuing and North American check businesses, as well as incremental costs we incurred as a stand-alone company after the spin-off.

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In 2002, we recorded other charges of \$12.2 million (\$7.7 million after-tax). These charges include an impairment write-off of \$4.2 million for the remaining intangible asset value assigned to an acquired customer contract in our Brazilian card operation, due to the loss of the customer; a \$4.0 million charge for the settlement of a class action lawsuit, net of insurance proceeds; and \$4.0 million of severance charges and market value losses on our collateral assignment in life insurance policies.

Consolidated Operating Income

Year 2003 compared with Year 2002

Consolidated operating income in 2003 increased \$2.5 million, or 1.6 percent, over 2002. Card Services operating income declined \$1.0 million, or 0.8 percent, while Check Services operating income increased \$2.7 million, or 6.4 percent. General corporate expense declined \$0.8 million, or 4.1 percent over 2002. Combined operating margins were 15.2 percent in 2003 and 15.1 percent in 2002. Both 2003 and 2002 consolidated operating income includes \$12.2 million of other charges.

The operating income growth experienced in 2003 was primarily driven by strong revenue growth in card issuing outside of South America. The strengthening of certain foreign currencies against the U.S. dollar increased total U.S. dollar operating income by approximately \$2.0 million in 2003. The strengthening exchange rates of the British pound and Australian dollar, more than offset the more volatile Brazilian real.

Year 2002 compared with Year 2001

Consolidated operating income in 2002 increased \$0.5 million, or 0.4 percent, over 2001 on a GAAP basis. Card Services operating income grew \$9.6 million, or 8.0 percent, while Check Services operating income decreased \$1.6 million, or 3.7 percent. General corporate expense increased \$7.5 million over 2001, which was the year in which the corporate headquarters office was established after the spin-off from Equifax. Combined operating margins were 15.1 percent in 2002 and 16.2 percent in 2001. The 2002 consolidated operating income includes \$12.2 million of other charges, while the 2001 consolidated operating income includes \$8.6 million of goodwill amortization expense and no adjustment for estimated additional corporate expenses that we would have incurred had the spin-off from Equifax occurred on January 1, 2001.

Consolidated operating income in 2002 decreased \$4.8 million, or 3.0 percent, compared to non-GAAP operating income of \$156.7 million in 2001, which is adjusted for goodwill amortization expense and additional corporate expenses. The operating income decline experienced in 2002 was driven by the \$12.2 million of other charges incurred in 2002, reduced operating income in our South American card operations due to unfavorable currency rates and volatile economic conditions, and costs associated with our continued investment in check cashing initiatives. Currency rate changes, particularly the weakening of the Brazilian real, reduced total U.S. dollar operating income by approximately \$0.9 million in 2002. The Brazilian real remained volatile throughout the year, which more than offset the strengthening exchange rates of the British pound and Australian dollar.

Consolidated Other Income, Net

Consolidated other income, net, which principally consists of interest income and net foreign currency exchange gains, totaled \$2.3 million, \$1.1 million, and \$0.1 million during 2003, 2002, and 2001, respectively. The increase in 2003 over the respective prior year periods is due primarily to income earned on temporary cash balances, primarily outside the U.S.

Consolidated Interest Expense

During September 2003, we issued \$200 million of five-year senior unsecured notes at 4.75 percent, the proceeds of which were primarily used to repay outstanding indebtedness on our revolving credit facility (see Note 6 to the consolidated financial statements for further information).

Interest expense in 2003 of \$8.0 million increased \$0.8 million compared to both 2002 and 2001. The growth in interest expense in 2003 compared to 2002 is driven by periodic borrowings on our revolving credit facility and the issuance of our \$200 million five-year notes in September 2003. The 2001 interest expense includes interest expense on our revolving credit facility from the Distribution date of July 7, 2001 through the end of the year. Interest expense for the period prior to the Distribution principally consists of interest paid on a line of credit held by our card processing operation 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 in 2001 had Equifax allocated interest expense to us on \$275 million of debt in the period prior to the Distribution. This interest amount is based on annual interest at a rate of LIBOR plus 100 basis points, which was our cost of borrowing under the revolving credit facility we utilized to fund the payment to Equifax. Considering the additional interest expense that would have been incurred in 2001 had the spin-off from Equifax occurred on January 1, 2001, overall interest expense in 2002 declined compared to non-GAAP 2001 due to lower interest rates and lower average debt balances in 2002.

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Our outstanding long-term debt at December 31, 2003 consists of 1) \$199.4 million of five-year notes, which is net of unamortized discount, 2) \$22.4 million of long-term notes payable related to our St. Petersburg, Florida synthetic lease resulting from the adoption of certain provisions of FIN 46 (see Notes 2 and 6 to the consolidated financial statements for further information), and 3) \$0.6 million of capital lease obligations for computer equipment.

Interest expense is expected to increase in 2004 as a result of our fixed rate \$200 million notes and the consolidation of our St. Petersburg, Florida synthetic lease required by the adoption of certain provisions of FIN 46.

Effective Tax Rate

Our effective tax rates were 37.0 percent (before the cumulative effect of the accounting change), 38.3 percent, and 39.0 percent in 2003, 2002 and 2001, respectively. Our lower effective rate in 2003 was driven by the implementation of certain international and state tax planning strategies. Effective tax rate changes from 2001 to 2002 were mainly driven by the elimination of goodwill amortization beginning January 1, 2002, as required by SFAS 142. We expect our effective tax rate to be 37.0 percent in 2004.

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 the period prior to the Distribution reflects federal, state, and foreign taxes calculated using the separate return basis.

Consolidated Net Income and Earnings per Share

Year 2003 compared with Year 2002

Consolidated net income, including the cumulative effect of a change in accounting principle in 2003, of \$92.4 million increased \$2.4 million, or 2.7 percent, compared to 2002, while diluted earnings per share in 2003, including the cumulative effect of the accounting change, of \$1.40 increased \$0.10, or 7.7 percent. Both 2003 and 2002 consolidated net income includes \$12.2 million of other charges (\$7.7 million after-tax). As described earlier, we adopted certain provisions of FIN 46 on December 31, 2003 as required for the synthetic lease on our St. Petersburg, Florida facility. In conjunction with the adoption of these provisions of FIN 46, we recognized a cumulative effect of accounting change expense of \$1.3 million after-tax, or \$0.02 per diluted share.

The repurchase of 2.6 million shares of common stock in 2003 had a favorable impact on earnings per share compared to the prior year by reducing our weighted average shares outstanding by approximately 1.0 million shares.

Year 2002 compared with Year 2001

Consolidated net income in 2002 of \$90.0 million increased \$2.9 million, or 3.3 percent, while diluted earnings per share in 2002 of \$1.30 increased \$0.04, or 3.2 percent, compared to 2001 on a GAAP basis. The 2002 consolidated net income includes \$12.2 million (\$7.7 million after-tax) of other charges, while the 2001 consolidated net income includes \$8.6 million (\$7.3 million after-tax) of goodwill amortization expense and no adjustment for estimated additional corporate expenses that we estimate we would have incurred had the spin-off from Equifax occurred on January 1, 2001.

Consolidated net income in 2002 increased \$2.8 million, or 3.2 percent, compared to non-GAAP net income of \$87.2 million in 2001, which is adjusted for goodwill amortization expense and additional corporate expenses. Diluted earnings per share in 2002 increased \$0.04, or 3.2 percent, compared to non-GAAP diluted earnings per share of \$1.26 in 2001.

The repurchase of 3.4 million shares of common stock in 2002 had a favorable impact on earnings per share compared to the prior year by reducing our weighted average shares outstanding by approximately 0.9 million shares.

In 2001, minority interests in earnings related to minority ownership of our Brazilian card processing operation. We acquired full ownership of this operation in May 2001, and, as a result, there were no minority interests in earnings in 2002 or 2003.

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Segment Results

The following table summarizes our segment results for the years ended December 31, 2003, 2002, and 2001:

	2003	2002	2001	2001 Non-GAAP
	(in millions)			
Revenues:				
Card Services	\$ 644.5	\$ 660.9	\$631.7	\$ 631.7
Check Services	371.0	347.1	304.3	304.3
	<u>\$1,015.5</u>	<u>\$1,008.0</u>	<u>\$936.0</u>	<u>\$ 936.0</u>
Operating Income:				
Card Services	\$ 128.3	\$ 129.3	\$ 119.8	\$ 127.4
Check Services	44.6	41.9	43.5	44.4
	<u>172.9</u>	<u>171.2</u>	<u>163.3</u>	<u>171.8</u>
General corporate expense	(18.5)	(19.3)	(11.9)	(15.1)
	<u>\$ 154.4</u>	<u>\$ 151.9</u>	<u>\$151.4</u>	<u>\$ 156.7</u>

Adjustments to reconcile actual operating income (GAAP) to non-GAAP operating income for the year ended December 31, 2001, as previously discussed, are as follows:

	2001		
	Card	Check	Corp
	(in millions)		
GAAP Operating Income	\$ 119.8	\$43.5	\$(11.9)
Additional corporate expenses			(3.2)
Elimination of goodwill amortization expense	7.6	0.9	
Non-GAAP Operating Income	<u>\$127.4</u>	<u>\$44.4</u>	<u>\$(15.1)</u>

Card Services

Overview

Our card processing business in North America is concentrated in the community bank and credit union market segments. We have long-term contractual alliances with two trade associations representing independent community banks and credit unions in the U.S., the Independent Community Bankers of America (“the ICBA”) and Card Services for Credit Unions (“CSCU”). In December 2003, our contracts with the ICBA and CSCU were extended into 2008 and 2009, respectively. Also in 2003, we entered into a ten-year agreement with IBM to provide data processing and related services for our U.S. operations, which replaced an existing arrangement we had with EDS. We expect to achieve significant cost savings and future operational flexibility through this new arrangement.

Card transactions continue to increase as a percentage of total point-of-sale payments, which fuels continuing demand for card-related products. We continue to launch new products aimed at serving this demand. In recent years, we have introduced a variety of stored-value card types, Internet banking, and electronic bill presentment/payment products, as well as a number of card enhancement and loyalty/reward programs. The common theme among these offerings continues to be convenience and security for the consumer coupled with value to the financial institution.

Over the past six years, we pursued growth in international markets. In September 1998, Card Services expanded its operations into South America by acquiring a 59.3 percent interest in our card processing operation in Brazil, and subsequently acquired the remaining 40.7 percent ownership in May 2001. In June 1999, we started a card processing operation in the U.K., owning a 51 percent 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 a multi-national Australian-based financial institution to process cards issued in Australia, New Zealand, the U.K., and Ireland, with operations commencing in the second quarter of 2001. This financial institution is

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serviced from our card processing operation in Australia, as well as from our card processing operation in the U.K. In 2003, we entered into an eight-year agreement with a Thailand financial institution, whereby it will outsource the processing of its VISA and MasterCard credit cards and unsecured personal loans. This financial institution is also serviced from our card processing operation in Australia. Card Services plans to pursue further card processing opportunities in the Asia Pacific Region, utilizing our Australian operation as the processing center.

Year 2003 compared with Year 2002

Card Services revenues of \$644.5 million in 2003 decreased \$16.4 million, or 2.5 percent, below 2002. The loss of our largest customer in our Brazilian card operation, which deconverted its portfolio at the beginning of March 2003; the loss of a large customer in our merchant processing business, which was acquired and moved its account to its new owner's processor in the third quarter of 2002; and the purging of merchants in our merchant processing business who no longer met our risk profile criteria in November 2002 were the largest drivers behind this decline. We experienced strong growth in card issuing revenue outside of South America, while card issuing software and support revenue grew \$2.1 million, attributable to a large software implementation and consulting project that commenced in late 2002. The strengthening of certain foreign currencies against the U.S. dollar increased our U.S. dollar revenues by approximately \$1.6 million in 2003. The strengthening exchange rates of the British pound and Australian dollar more than offset the more volatile Brazilian real. At December 31, 2003, we were processing 46.4 million cards. During 2003, we added approximately 4.5 million new cards to our global portfolio, which was offset by a 4.7 million card old base reduction for planned deconversions and deletion of inactive cards in our international operations.

North American card issuing revenues of \$369.8 million in 2003 increased \$40.4 million, or 12.3 percent, over the prior year. This growth is the result of increasing card usage, new card issuance, and growth in full-service card loyalty products and other products, including enhancement programs and e-banking. North American card transactions increased 9.9 percent over the prior year, with debit card transaction growth of 18.9 percent and credit card transaction growth of 3.6 percent. We added approximately 0.9 million domestic cards during 2003, increasing our domestic card base to 23.4 million at December 31, 2003.

International card issuing revenues of \$92.7 million in 2003 decreased \$26.4 million, or 22.2 percent, primarily driven by the loss of our largest customer in our Brazilian card operation in March 2003. Outside of South America, our revenue growth was driven by the launch of new products and services, as well as volume growth on our existing customer base in both the U.K. and Australia. The strengthening of certain foreign currencies against the U.S. dollar increased our U.S. dollar revenues by approximately \$1.6 million in 2003. The strengthening exchange rates of the British pound and Australian dollar more than offset the more volatile Brazilian real. International card growth totaled 3.6 million cards in 2003, a 14.7 percent increase over 2002, which is net of reductions for planned deconversions and the deletion of inactive cards.

Merchant processing revenues of \$170.3 million in 2003 decreased \$32.6 million, or 16.0 percent, below the prior year. The loss of a large customer in the third quarter of 2002 and lower debit interchange rates contributed to a reduction in interchange pass-through revenue from \$162.6 million in 2002 to \$133.0 million in 2003, a change of \$29.6 million. Net of interchange pass-through, revenues in 2003 were below the prior year by \$3.0 million, or 7.3 percent, due primarily to the purging of merchants who no longer met our risk profile criteria in November 2002.

Card issuing software and support revenue of \$11.6 million increased \$2.1 million over the prior year attributable to a large software implementation and consulting project that commenced in late 2002. Card issuing software and support revenue is expected to decline in 2004, as this large project was substantially completed as of December 31, 2003.

Card Services operating income of \$128.3 million in 2003, which includes \$11.5 million of other charges, decreased \$1.0 million, or 0.8 percent, compared to operating income of \$129.3 million in 2002, which includes \$6.1 million of other charges. We experienced growth in our card issuing operations outside of South America, driven by strong top-line growth and cost efficiencies around the globe, including a reduction in our workforce that occurred in late 2002 and reduced data processing costs in the U.S. as a result of our new data processing agreement with IBM; however, these factors were more than offset by a \$5.4 million increase in other charges over 2002 and the negative impacts of the loss of a large customer in our Brazilian card operation in March 2003. The strengthening of certain foreign currencies against the U.S. dollar increased our U.S. dollar operating income by approximately \$0.9 million in 2003. The strengthening exchange rates of the British pound and Australian dollar more than offset the more volatile Brazilian real.

Year 2002 compared with Year 2001

Card Services revenues of \$660.9 million in 2002 increased \$29.2 million, or 4.6 percent, over 2001. Our revenue growth is attributable to existing and new card growth in both our domestic and international card operations, as well as increased revenues in our merchant processing business. Currency rate changes, particularly the weakening of the Brazilian real, reduced total U.S. dollar revenues by approximately \$9.7 million in 2002. The Brazilian real remained volatile throughout the year, which more than offset the strengthening exchange rates of the British pound and Australian dollar. At December 31, 2002, we were processing 46.7 million cards, which is an increase of 5.0 million cards, or 11.9 percent, over the prior year-end.

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North American card issuing revenues of \$329.4 million in 2002 increased \$7.1 million, or 2.2 percent, over the prior year. This growth is the result of increased card usage, new card growth, and increased pricing on certain contracts that was fully in place by the fourth quarter of 2002. North American card transactions increased 8.5 percent over the prior year, with debit card transaction growth of 18.7 percent and credit card transaction growth of 2.5 percent. We added approximately 1.0 million domestic cards during 2002, increasing our domestic card base to 22.5 million at December 31, 2002.

International card issuing revenues of \$119.1 million in 2002 increased \$7.0 million, or 6.3 percent, over the prior year, primarily driven by card growth. International card growth totaled 4.0 million cards in 2002, increasing our international card base to 24.2 million at December 31, 2002, which represents a 19.8 percent increase over 2001. The start-up of our Australian card operation and conversion of a multi-national Australian-based bank portfolio in the third quarter of 2001 contributed an additional 1.0 million cards in 2002, a 38.2 percent increase over its card base at December 31, 2001. Currency rate changes, particularly the weakening of the Brazilian real, reduced total U.S. dollar revenues by approximately \$9.7 million in 2002. The Brazilian real remained volatile throughout the year, which more than offset the strengthening exchange rates of the British pound and Australian dollar.

Merchant processing revenues of \$202.9 million in 2002 increased \$15.4 million, or 8.2 percent, above the prior year. Late in the third quarter of 2002, a large merchant processing customer was acquired and moved its account to its new owner's processor. Additionally, in the second half of 2002, we severed relationships with other merchant processing customers whose risk profiles no longer met our requirements. Both of these factors reduced our merchant processing revenue growth during 2002.

Card issuing software and support revenue of \$9.5 million decreased by \$0.3 million over the prior year due to a reduction in software and consulting sales.

Card Services operating income of \$129.3 million in 2002, which includes \$6.1 million of other charges, increased \$9.6 million, or 8.0 percent, compared to operating income of \$119.8 million in 2001 on a GAAP basis, which includes \$7.6 million of goodwill amortization expense. Card Services operating income in 2002 increased \$2.0 million, or 1.5 percent, compared to non-GAAP operating income of \$127.4 million in 2001, which is adjusted to exclude goodwill amortization expense. This increase in operating income in 2002 compared to non-GAAP 2001 is attributable to the growth in our North American card issuing revenue, combined with cost improvement initiatives that include renegotiation of certain vendor contracts during 2002 resulting in lower data processing costs, new technology advances, reductions in the workforce, and other process efficiencies that were placed in service throughout the year. These initiatives helped to offset the reduced operating income in our South American operations due to unfavorable currency rates and volatile economic conditions brought on by factors that included the October 2002 Brazilian presidential election and the \$6.1 million of other charges incurred in 2002. Currency rate changes, particularly the weakening of the Brazilian real, reduced our U.S. dollar operating income by approximately \$1.6 million in 2002. The Brazilian real remained volatile throughout the year, which more than offset the strengthening exchange rates of the British pound and Australian dollar.

Check Services

Overview

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. Additionally, in recent years, we have introduced several new products for existing and new markets, including payroll check cashing and third-party check collections.

Year 2003 compared with Year 2002

Check Services revenues of \$371.0 million in 2003 increased \$23.9 million, or 6.9 percent, over 2002, driven by volume growth and new customer signings in both our domestic and international check operations. The strengthening of the British pound against the U.S. dollar increased our U.S. dollar revenues by approximately \$5.1 million in 2003. The face amount of checks we authorized totaled \$35.2 billion in 2003 as compared to \$35.0 billion in 2002. Guarantee volumes grew from \$26.7 billion in 2002 to \$28.0 billion in 2003, a 5.2 percent increase over the prior year.

North American check revenues of \$307.8 million increased \$13.2 million, or 4.5 percent, over 2002, driven by a 4.4 percent increase in check guarantee volumes, largely resulting from the addition of new customers, and growth in our check cashing revenues. Growth in our core business was impacted by weak retail sales throughout the year driven by soft consumer spending. The face amount of checks we authorized in the U.S. totaled \$31.8 billion in 2003 as compared to \$31.6 billion in 2002.

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International check revenues of \$63.2 million in 2003 increased \$10.7 million, or 20.5 percent, over 2002, as the face amount of checks we authorized increased to \$3.4 billion in 2003 as compared to \$3.3 billion in 2002. The strengthening of the British pound against the U.S. dollar increased our U.S. dollar revenues by approximately \$5.1 million in 2003.

Check Services operating income of \$44.6 million in 2003, which includes \$1.0 million of other charges, increased \$2.7 million, or 6.4 percent, compared to operating income of \$41.9 million in 2002, which includes \$4.7 million of other charges. The growth in Check Services operating income is attributable to \$3.7 million lower other charges in 2003, which more than offset the negative impact of lower-margin new customer signings, mix shifts, and economic factors, as well as incremental check cashing start-up costs in 2003 compared to 2002. The strengthening of the British pound against the U.S. dollar increased our U.S. dollar operating income by approximately \$1.1 million in 2003.

Year 2002 compared with Year 2001

Check Services revenues of \$347.1 million in 2002 increased \$42.8 million, or 14.1 percent, over 2001. Our revenue growth is driven by market share gains in both our domestic and international check operations. The strengthening of the British pound against the U.S. dollar increased our U.S. dollar revenues by approximately \$2.2 million in 2002. The face amount of checks we authorized totaled \$35.0 billion in 2002 as compared to \$32.1 billion in 2001. Guarantee volumes grew from \$23.3 billion in 2001 to \$26.7 billion in 2002, a 14.6 percent increase over the prior year.

North American Check revenues of \$294.6 million increased \$36.5 million, or 14.1 percent, over 2001, driven by increased volumes largely resulting from the addition of new customers. The face amount of checks we authorized in the U.S. totaled \$31.6 billion in 2002 as compared to \$29.0 billion in 2001.

International check revenues of \$52.5 million in 2002 increased \$6.3 million, or 13.6 percent, over 2001, as the face amount of checks we authorized increased to \$3.3 billion in 2002 as compared to \$3.1 billion in 2001. The strengthening of the British pound against the U.S. dollar increased our U.S. dollar revenues by approximately \$2.2 million in 2002.

Check Services operating income of \$41.9 million in 2002, which includes \$4.7 million of other charges, decreased \$1.6 million, or 3.7 percent, compared to operating income of \$43.5 million in 2001 on a GAAP basis, which includes \$0.9 million of goodwill amortization expense. Check Services operating income in 2002 decreased \$2.5 million, or 5.7 percent, compared to non-GAAP operating income of \$44.4 million in 2002, which is adjusted to exclude goodwill amortization expense. The decline in operating income in 2002 compared to non-GAAP 2001 is a result of the \$4.6 million of other charges incurred in 2002, incremental costs associated with the continued investment in our check cashing initiatives, and the impact of a higher percentage of business shifting toward lower-priced national accounts, which were partially offset by the revenue growth in our core check business. Check guarantee net losses remained relatively stable, even during a difficult economic period for retailers. Improvements in collection methodologies have enhanced recovery rates, further helping us to maintain relatively stable net losses. The strengthening of the British pound against the U.S. dollar increased our U.S. dollar operating income by approximately \$0.7 million in 2002.

General Corporate Expense

Year 2003 compared to Year 2002

General corporate expense of \$18.5 million in 2003, which includes \$(0.3) million of market value recoveries of our collateral assignment in life insurance policies, net of severance charges, decreased \$0.8 million, or 4.1 percent, compared to general corporate expense of \$19.3 million in 2002, which includes \$1.4 million of severance and market value losses on our collateral assignment in life insurance policies. The decline in general corporate expense is attributable to the \$1.7 million decrease in other charges in 2003, which more than offset the growth in general corporate expense driven by higher insurance and employee benefits costs in 2003 compared to 2002.

Year 2002 compared to Year 2001

General corporate expense of \$19.3 million in 2002, which includes \$1.4 million of other charges, increased \$7.4 million over 2001 on a GAAP basis, which does not include any additional corporate costs that we estimate we would have incurred had we been a stand-alone company for the entire year. General corporate expense increased \$4.2 million, or 27.9 percent, compared to non-GAAP general corporate expense of \$15.1 million in 2001, which is adjusted for \$3.2 million of additional corporate costs that we estimate we would have incurred had we been operating on a stand-alone company basis for the entire year, driven by the \$1.4 million of other charges, incremental costs for the conversion of administrative functions which were previously outsourced to a third-party, and recruiting and relocation expenses for new hires in 2002.

Liquidity and Capital Resources

We have historically generated and continue to generate strong cash flows from our operating activities that we use to further invest in our business through expenditures for capital and strategic acquisitions. Additionally, since our spin-off from Equifax in 2001, we have engaged in periodic repurchases of our common shares, when it has been deemed appropriate, and began to pay cash dividends to our shareholders in 2003. Proceeds from stock option exercises have varied each year, primarily driven by changes in our stock price.

In conjunction with the spin-off from Equifax, we made a cash payment to Equifax in the amount of \$275 million in July 2001 to reflect Certegy's share of Equifax's pre-distribution debt used to establish our initial capitalization. This payment was funded through a \$400 million unsecured revolving credit facilities we obtained. Since that time, we have used available cash flow to reduce our outstanding balance on these facilities and on September 10, 2003, we used the proceeds from our offering of 4.75 percent fixed rate five-year notes with a face value of \$200 million to pay down the remaining revolver balance.

Cash flow from operations is expected to be strong in 2004. Our cash needs for 2004 will be primarily related to capital expenditures and payment of dividends. We expect our capital expenditures for 2004 to be approximately \$45 million. We plan to use a significant portion of our remaining available cash flow to repurchase our common shares, however, the extent of share repurchases could change based upon acquisition opportunities.

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.

Year 2003 compared with Year 2002

Operating Activities. We continue to generate significant cash flow from operating activities, totaling \$138.1 million in 2003, an increase of \$11.4 million above 2002. The 2003 cash flow was produced from net income of \$92.4 million, adjusted for depreciation and amortization of \$42.0 million, deferred taxes of \$13.6 million, and other noncash items of \$13.1 million, including the cumulative effect of the accounting change, offset by a \$23.0 million cash outlay for net working capital items.

The working capital items noted above primarily include the following: \$9.2 million for other assets, \$5.1 million for claims accounts in our Check Services business, and \$8.7 million for changes in other current assets and liabilities. These changes include prepaid expenses, the payment of \$9.7 million of contract termination charges, a \$4.0 million settlement of a class action lawsuit accrued in 2002, and income taxes.

We used our cash flow from operating activities primarily to reinvest in our existing businesses through expenditures for equipment and systems development and the acquisition of a merchant portfolio. We also used operating cash flows to repay temporary borrowings on our revolving credit facility and to fund treasury stock purchases.

Investing Activities. Capital expenditures in 2003 of \$44.0 million decreased \$5.0 million below the prior year period. Capital expenditures in 2003 were primarily for processing equipment and software in our global card issuing operations, systems development for new products and services, and capital investment for our check cashing program. Additionally, we acquired a merchant portfolio in September 2003 for \$4.5 million in cash.

Financing Activities. In September 2003, we completed our offering of \$200 million aggregate principal amount of unsecured 4.75 percent notes (priced to yield 4.82 percent) due in 2008. The notes rank equally with all of our existing and future unsecured, unsubordinated debt. The notes were sold at a discount of \$0.6 million, which along with related note issuance costs, will be amortized over the term of the notes. We used the net proceeds from this offering to pay off the outstanding indebtedness under our \$300 million revolving credit facility and for general corporate purposes.

Additionally, during 2003, the Board of Directors increased total remaining share repurchase authority to \$100 million, of which \$40.1 million remains as of December 31, 2003. We repurchased 2.6 million shares of common stock during 2003 at a total cost of \$73.6 million. There were \$79.6 million of common stock repurchases during the prior year period. Proceeds from the exercise of stock options in 2003 totaled \$5.5 million, compared with \$15.9 million in the prior year period. In August and November 2003, the Board of Directors approved a quarterly common stock dividend of \$0.05 per share payable on October 15, 2003 and January 15, 2004, respectively. The amount of the quarterly dividend paid in 2003 was \$3.2 million.

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Year 2002 compared with Year 2001

Operating Activities. Net cash provided by operating activities totaled \$126.7 million in 2002 as compared with \$102.9 million in 2001. The 2001 amount was reduced by \$29.0 million, which is related to the timing of settlements in the card and merchant processing clearing system. Prior to the spin-off, Equifax held the cash deposits associated with this settlement process, which were included in our intercompany receivable from Equifax, a component of equity. Operating activities provided cash of \$131.9 million in 2001 before the effect of this settlement activity. We used operating cash flow primarily to reinvest in existing businesses and to contribute to the financing of acquisitions, repurchase of common stock, and repayment of long-term debt.

Investing Activities. Net cash used in investing activities totaled \$59.4 million in 2002 and \$128.4 million in 2001. Capital expenditures, exclusive of acquisitions, totaled \$49.0 million in 2002 and \$49.3 million in 2001. Cash used for acquisitions, net of cash acquired, totaled \$10.4 million and \$79.0 million in 2002 and 2001, respectively.

Financing Activities. Net cash used in financing activities totaled \$79.8 million in 2002. Net repayments on long-term debt totaled \$15.8 million, while proceeds from the exercise of employee stock options totaled \$15.9 million. We repurchased 3.4 million shares of common stock at a total cost of \$79.6 million in 2002. Net cash provided by financing activities in 2001 totaled \$24.9 million. Net borrowings on our revolving credit facility of \$230.0 million were used to fund the \$275 million payment to Equifax in July 2001 and the acquisition of Accu Chek in August 2001. Proceeds from the exercise of employee stock options totaled \$4.0 million, and we repurchased 81,400 shares of common stock at a total cost of \$2.4 million in 2001. Net repayments to Equifax were \$206.6 million in 2001, which includes the \$275 million payment at the time of the Distribution.

General

Revolving Credit Facility. In September 2003, we cancelled our \$300 million revolving credit facility and replaced it with a new \$200 million revolving credit facility, which expires in September 2006. The new facility has substantially the same terms as the former facility, except there are no subsidiary guarantees. The new facility bears interest at an annual rate of LIBOR plus 100 basis points and contains certain financial covenants related to interest coverage and funded debt to cash flow. Borrowings on the new facility are available to meet working capital needs and to fund strategic acquisitions and the periodic repurchase of shares when deemed appropriate. There was no outstanding balance under this facility at December 31, 2003. The amount outstanding under the \$300 million facility at December 31, 2002 was \$214.2 million.

We also have an unsecured revolving credit facility that provides advances to finance our customers' shortfalls in the daily funding requirements associated with our credit and debit card settlement operations. Upon renewal of this facility in June 2003, we lowered the total available borrowing amount from \$130 million to \$100 million. Outstanding borrowings on this credit facility are classified as part of the Company's settlement payables in the consolidated balance sheets. There were no amounts outstanding under this facility at December 31, 2003 or December 31, 2002.

Contractual Obligations. In 2003, we entered into a ten-year agreement with IBM, which replaced our existing agreement with EDS for U.S. data processing services. The transition from EDS to IBM was completed in the third quarter of 2003.

The following table summarizes our significant contractual obligations and commitments as of December 31, 2003:

	Payments due by				
	Total	Less than 1 year	1 to 3 years	4 to 5 years	Thereafter
			(in millions)		
Long-term debt (Note 6)	\$ 221.8	\$ —	\$ —	\$ 199.4	\$ 22.4
Operating leases (Note 10)	46.5	10.8	17.0	10.8	7.9
Capital leases (Note 6)	0.6	0.2	0.3	0.1	—
Data processing agreement obligations (Note 10)	253.7	36.2	68.1	57.6	91.8
Total	\$ 522.6	\$ 47.2	\$ 85.4	\$ 267.9	\$ 122.1

Note: This table excludes other obligations that we may have, such as employee benefit obligations (discussed in Note 9 to the consolidated financial statements), residual value guarantees under our synthetic leases (see Note 10 to the consolidated financial statements), and other current and long-term liabilities reflected in our consolidated balance sheets.

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Off-Balance Sheet Arrangements. Note 10 to the consolidated financial statements also describes certain off-balance sheet arrangements in the form of synthetic leases and the change in accounting for one of the leases that was adopted on December 31, 2003 in accordance with certain provisions of FIN 46.

Other than facility leasing arrangements, we do not engage in off-balance sheet financing activities. We entered into synthetic operating leases in order to provide us with favorable financing arrangements with regard to the facilities subject to the leases. The first synthetic lease on our Madison, Wisconsin facility of \$10.4 million was entered into in 1997 and the second synthetic lease on our St. Petersburg, Florida facility of \$23.2 million was entered into in 1999, both of which expire in 2009. Under these synthetic lease arrangements, we have guaranteed the residual value of the leased properties to the lessors. 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 \$26.4 million, which approximates 79 percent 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. On December 31, 2003, we adopted certain provisions of FIN 46, which required us to consolidate our St. Petersburg, Florida facility in our consolidated financial statements.

As described in Note 2 to the consolidated financial statements, we have an interest rate swap arrangement in effect that fixes the interest rate for one of our variable rate synthetic lease obligations. This derivative has been designated as a cash flow hedge, was documented as fully effective, and at December 31, 2003, was valued as a liability totaling \$1.5 million.

Related Parties. 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.

Critical Accounting Policies

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. Management considers an accounting estimate to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the estimate or different estimates that could have been selected could have a material impact on our consolidated results of operations or financial condition.

Our significant accounting policies are described in Note 2 to the consolidated financial statements. We believe that the following accounting policies involve a higher degree of complexity and warrant specific description.

Reserve for Card Merchant Processing and Check Guarantee Losses. In our direct card merchant processing business, if, due to insolvency or bankruptcy of the merchant, or for another reason, we are not able to collect amounts from our merchant customers that have been properly “charged back” by the cardholders, we must bear the credit risk for the full amount of the cardholder transaction. We require cash deposits and other types of collateral from certain merchants to minimize any such risk. In addition, we utilize a number of systems and procedures to manage merchant risk and believe that the diversification of our merchant portfolio among industries and geographic regions minimizes our risk of loss. Card merchant processing loss reserves are primarily determined by performing a historical analysis of our chargeback loss experience and considering other factors that could affect that experience in the future. Such items include, the general economy and the credit quality of our merchant customers. Once these factors are considered, we assess the reserve adequacy by comparing the recorded reserve to the estimated amount based on an analysis of the current trend changes or specific anticipated future events. Any adjustments are charged to costs of services. This reserve amount is subject to risk that actual losses may be greater than our estimates. At December 31, 2003 and 2002, we had aggregate card merchant processing loss reserves of \$1.1 million and \$1.0 million, respectively, which are included in other current liabilities in the consolidated balance sheets.

In our check guarantee business, if a guaranteed check presented to a merchant customer is dishonored by the check writer’s bank, we reimburse our merchant customer for the check’s face value and pursue collection of the amount from the delinquent check writer. Loss reserves and anticipated recoveries are primarily determined by performing a historical analysis of our check loss and recovery experience and considering other factors that could affect that experience in the future. Such items include, the general economy, the overall industry mix of our customer volumes, statistical analysis of check fraud trends within our customer volumes, and the quality of returned checks. Once these factors are considered, we establish a rate for check losses that is calculated by dividing the expected check losses by dollar volume processed and a rate for anticipated recoveries that is calculated by dividing the anticipated recoveries by the total amount of related check losses. These rates are then applied against the dollar volume processed and check losses, respectively, each month and charged to costs of services. The estimated check returns and recovery amounts are subject to risk that actual amounts returned and recovered may be different than our estimates. At December 31, 2003 and 2002, we had accrued claims payable and accrued claims recoverable balances of \$38.3 million and \$46.5 million, and \$48.3 million and \$50.3 million, respectively.

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Historically, such estimation processes have proven to be materially accurate; however, our projections of probable card merchant processing losses, check guarantee losses, and anticipated recoveries are inherently uncertain, and as a result, we cannot predict with certainty the amount of such items. Changes in economic conditions, the risk characteristics and composition of our customers, and other factors could impact our actual and projected amounts. Expenses of \$152.9 million, \$146.1 million, and \$128.7 million, respectively, were recorded in costs of services for the years ended December 31, 2003, 2002, and 2001, for card merchant processing losses and check guarantee losses, net of anticipated recoveries. A one percent increase in our card merchant processing and check guarantee losses, net of anticipated recoveries, in 2003 would have reduced 2003 net income by approximately \$1.0 million after-tax.

Valuation of Goodwill and Other Long-Lived Assets. Goodwill and certain other intangible assets are tested for impairment in accordance with SFAS 142, and all other long-lived assets are tested in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." We regularly evaluate whether events and circumstances have occurred which indicate that the carrying amounts of goodwill and other long-lived assets (primarily property and equipment, other intangible assets, and systems development and other deferred costs) may be impaired or not recoverable. The significant factors that are considered that could trigger an impairment review include: changes in business strategy, market conditions, or the manner of use of an asset; underperformance relative to historical or expected future operating results; and negative industry or economic trends. In evaluating an asset for possible impairment, management estimates that asset's future undiscounted cash flows to measure whether the asset is recoverable. If it is determined that the asset is not recoverable, we measure the impairment based on the projected discounted cash flows of the asset over its remaining life.

We make certain estimates and assumptions that affect the determination of the expected future cash flows of assets. These estimates and assumptions include revenue and operating income growth, asset-related expenditures, and other factors. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect these evaluations and could result in an impairment. In the opinion of management, goodwill and other long-lived assets are appropriately valued at December 31, 2003 and 2002.

Income Taxes. We record income taxes in accordance with the provisions of SFAS No. 109, "Accounting for Income Taxes," using the asset and liability method. The asset and liability method requires the recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that exist between the tax bases and financial reporting bases of our assets and liabilities, based on enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled. A valuation allowance is provided against deferred tax assets when it is more likely than not that some or all of a deferred tax asset will not be realized. No provision is made for U.S. income taxes on undistributed earnings of certain foreign subsidiaries because those earnings are considered permanently reinvested in the operations of those subsidiaries.

In addition to estimating the future tax rates applicable to the reversal of tax differences, management must also make certain assumptions regarding whether tax differences are permanent or temporary. If the differences are temporary, management must estimate the timing of their reversal and whether taxable operating income in future periods will be sufficient to fully recognize any gross deferred tax assets.

For the years ended December 31, 2003, 2002, and 2001, management made no material changes in its assumptions regarding the determination of the provision for income taxes, except that during 2002, we determined that our investments in certain foreign subsidiaries are permanently invested and will not be repatriated to the U.S. in the foreseeable future. Future U.S. tax consequences on the undistributed earnings of these subsidiaries are no longer considered in the tax provision calculation in accordance with APB Opinion No. 23. At December 31, 2003, there are approximately \$24.1 million of undistributed net earnings for which no additional U.S. tax is provided. Certain events could occur that would materially affect our estimates and assumptions regarding deferred taxes. Changes in current tax laws and applicable enacted tax rates could affect the valuation of deferred tax assets and liabilities, thereby impacting our income tax provision. Additionally, significant declines in taxable operating income could materially impact the realizable value of deferred tax assets.

For the year ended December 31, 2003, our provision for income taxes was \$55.1 million, consisting of \$40.0 million for current tax expense and \$15.1 million for deferred tax expense. Changes in management's estimates and assumptions regarding the enacted tax rate applied to deferred tax assets and liabilities, the ability to realize the value of deferred tax assets, or the timing of the reversal of tax basis differences could potentially impact the provision for income taxes. A one percent change in the effective tax rate from 37.0 percent in 2003 to 38.0 percent would have increased the 2003 income tax provision by \$1.5 million.

Employee Benefit Obligations. The plan obligations and related assets of our defined benefit retirement and postretirement plans are presented in Note 9 to the consolidated financial statements. Plan assets, which consist primarily of marketable equity and debt instruments, are valued using market quotations. Plan obligations and the annual net periodic benefit cost are determined by independent actuaries and through the use of a number of assumptions. Key assumptions in measuring the plan obligations include the discount rate, the rate of salary increases, and the estimated future return on plan assets. In determining the discount rate, we utilize the yield on high-quality,

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fixed-income investments currently available with maturities corresponding to the anticipated timing of benefit payments. Salary increase assumptions are based upon historical experience and anticipated future management actions. Asset returns are based upon the anticipated average rate of earnings expected on the invested funds of the plans.

We have made certain other estimates that, while not involving the same degree of judgment, are important to understanding our financial statements. On an ongoing basis, management evaluates its estimates and judgments in these areas based on its historical experience and other relevant factors. Management's estimates as of the date of the financial statements reflect its best judgment giving consideration to all currently available facts and circumstances. As such, these estimates may require adjustment in the future, as additional facts become known or as circumstances change.

Seasonality, Inflation, and Economic Downturns

We are subject to certain seasonal fluctuations, such as peak activity during the holiday buying season. 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 affects the level of consumer spending. Our check revenue growth has continued to be impacted by weak retail sales driven in part by soft consumer spending.

The Brazilian market is characterized by political and economic uncertainty that causes volatility in currency values, and historically has resulted in severe inflationary pressures. Notwithstanding this uncertainty, we believe that the long-term prospects offered by the Brazilian market are attractive and our continued focus on growing our Brazilian business and attaining cost efficiencies should provide us with a cost structure that can withstand short-term declines in business driven by the uncertain market and the loss of our largest customer in March 2003.

Our Brazilian operations had net assets of approximately \$102.2 million at December 31, 2003, which includes a net equity reduction of \$96.7 million as a result of cumulative foreign currency translation. Pursuant to SFAS 142 and SFAS 144, these assets are subject to regular evaluations to assess their recoverability. In the opinion of management, these assets are appropriately valued at December 31, 2003 and 2002; however, if we are unable to improve profitability in our Brazilian operations by growing revenue or achieving the necessary cost efficient structure in the future, this could have an impact on our opinion regarding the valuation of these assets, which could lead to an impairment charge against net income.

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 an unsecured revolving credit facility and a synthetic lease obligation that have variable interest rates; 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 on our revolving credit facility and by using interest rate swap arrangements. There were no amounts outstanding under the revolving credit facility at December 31, 2003, while the balance on our synthetic lease obligation at December 31, 2003 was \$22.4 million. We have performed an interest rate sensitivity analysis assuming a 100 basis point increase in LIBOR for the period subsequent to December 31, 2003 for our synthetic lease obligation and the increase in interest expense would not be material.

Foreign currency exchange rates. Approximately 15.5 percent of our consolidated revenues for the year ended December 31, 2003 and 35.9 percent of our consolidated assets at December 31, 2003 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 operating costs of these businesses are denominated in local currency. If the U.S. dollar had a 10 percent higher appreciation against our non-U.S. dollar denominated businesses in 2003, consolidated revenues and operating income would have been reduced by \$15.6 million and \$0.6 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 our Brazilian card processing operation, was a \$75.1 million and \$113.4 million reduction of shareholders' equity at December 31, 2003 and 2002, respectively.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We have audited the accompanying consolidated balance sheets of Certegy Inc. as of December 31, 2003 and 2002, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. 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. The financial statements of Certegy Inc. for the year ended December 31, 2001 were audited by other auditors who have ceased operations and whose report dated February 8, 2002 expressed an unqualified opinion on those statements before the reclassification adjustments described in Note 2 and the transitional disclosures required by Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" described in Note 2.

As discussed above, the financial statements of Certegy Inc. for the year ended December 31, 2001 were audited by other auditors who have ceased operations. As described in Note 2, the Company reclassified reimbursements received for out-of-pocket expenses from operating expenses to revenues as required by Emerging Issues Task Force Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred." We audited the adjustment that was applied to reclassify the balances reflected in the 2001 financial statements. Our procedures included (a) agreeing the reclassification amounts to the Company's underlying accounting records, and (b) testing the mathematical accuracy of the reclassification adjustment. In our opinion, such adjustment is appropriate and has been properly applied. As described in Note 2, these financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 2 included (a) agreeing the previously reported net income to the previously issued financial statements and the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill that is no longer being amortized to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the reconciliation of adjusted net income to reported net income, and the related earnings-per-share amount. In our opinion, the disclosures for 2001 in Note 2 are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 financial statements of the Company other than with respect to such adjustment and disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 financial statements taken as a whole.

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 consolidated financial position of Certegy Inc. at December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for a variable interest entity upon adoption of certain provisions of Financial Accounting Standards Board Financial Interpretation No. 46, "Consolidation of Variable Interest Entities" on December 31, 2003. Also as discussed in Note 2 to the consolidated financial statements, in 2002 the Company ceased amortization of goodwill in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

/s/ Ernst & Young, LLP

Atlanta, Georgia
February 2, 2004

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

THIS IS A COPY OF THE REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP AND HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP. SEE EXHIBIT 23.2 FOR FURTHER INFORMATION.

CERTEGY INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Year Ended December 31,		
	2003	2002	2001
Revenues (Note 2)	\$ 1,015,464	\$ 1,007,968	\$ 935,971
Operating expenses:			
Costs of services (Note 2)	732,762	731,805	686,588
Selling, general and administrative	116,099	111,984	97,964
Other (Note 3)	12,203	12,230	—
	<u>861,064</u>	<u>856,019</u>	<u>784,552</u>
Operating income	154,400	151,949	151,419
Other income, net	2,339	1,119	78
Interest expense	(7,950)	(7,120)	(7,200)
Income before income taxes, minority interests, and cumulative effect of a change in accounting principle	148,789	145,948	144,297
Provision for income taxes	(55,052)	(55,964)	(56,276)
Minority interests in earnings, net of tax	—	—	(945)
Income before cumulative effect of a change in accounting principle	93,737	89,984	87,076
Cumulative effect of a change in accounting principle, net of \$832 income tax benefit (Note 2)	(1,335)	—	—
Net income	<u>\$ 92,402</u>	<u>\$ 89,984</u>	<u>\$ 87,076</u>
Basic earnings per share (Note 2):			
Income before cumulative effect of a change in accounting principle	\$ 1.44	\$ 1.32	\$ 1.27
Cumulative effect of a change in accounting principle	(0.02)	—	—
Net income	<u>\$ 1.42</u>	<u>\$ 1.32</u>	<u>\$ 1.27</u>
Average shares outstanding	<u>65,094</u>	<u>68,254</u>	<u>68,317</u>
Diluted earnings per share (Note 2):			
Income before cumulative effect of a change in accounting principle	\$ 1.42	\$ 1.30	\$ 1.26
Cumulative effect of a change in accounting principle	(0.02)	—	—
Net income	<u>\$ 1.40</u>	<u>\$ 1.30</u>	<u>\$ 1.26</u>
Average shares outstanding	<u>65,870</u>	<u>69,033</u>	<u>69,063</u>
Dividends declared per share of Common Stock	<u>\$ 0.10</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of these consolidated financial statements.

CERTEGY INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par values)

	December 31,	
	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,280	\$ 14,166
Settlement deposits	29,638	27,104
Trade accounts receivable, net of allowance for doubtful accounts of \$1,883 and \$2,628 in 2003 and 2002, respectively	108,158	104,597
Settlement receivables	65,172	78,636
Claims recoverable	46,478	50,309
Other current assets (Note 2)	49,902	37,188
	<hr/>	<hr/>
Total current assets	321,628	312,000
Property and equipment, net (Note 2)	58,897	38,637
Goodwill, net (Note 2)	187,627	168,956
Other intangible assets, net (Note 2)	31,799	31,342
Systems development and other deferred costs, net	118,788	96,706
Other assets, net (Note 2)	66,308	54,500
	<hr/>	<hr/>
Total assets	\$ 785,047	\$ 702,141
	<hr/>	<hr/>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 22,280	\$ 22,916
Settlement payables	94,810	105,740
Claims payable	38,270	48,306
Accrued salaries and bonuses	12,324	10,639
Income taxes payable	8,887	8,545
Other current liabilities (Note 2)	67,522	54,784
	<hr/>	<hr/>
Total current liabilities	244,093	250,930
Long-term debt (Note 6)	222,399	214,200
Deferred income taxes (Note 7)	43,939	32,801
Other long-term liabilities	13,477	5,767
	<hr/>	<hr/>
Total liabilities	523,908	503,698
	<hr/>	<hr/>
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Preferred stock, \$0.01 par value; 100,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value; 300,000 shares authorized; 69,507 shares issued and 64,352 and 66,396 shares outstanding in 2003 and 2002, respectively	695	695
Paid-in capital	249,351	249,115
Retained earnings	226,495	140,552
Deferred compensation	(10,187)	(9,116)
Accumulated other comprehensive loss	(75,854)	(114,799)
Treasury stock, at cost; 5,155 and 3,111 shares in 2003 and 2002, respectively	(129,361)	(68,004)
	<hr/>	<hr/>
Total shareholders' equity	261,139	198,443
	<hr/>	<hr/>
Total liabilities and shareholders' equity	\$ 785,047	\$ 702,141
	<hr/>	<hr/>

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,		
	2003	2002	2001
Cash flows from operating activities:			
Net income	\$ 92,402	\$ 89,984	\$ 87,076
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	42,030	39,050	45,677
Amortization of deferred compensation and financing costs	5,438	5,069	1,474
Income tax benefit from exercise of stock options	1,298	3,772	729
Cumulative effect of a change in accounting principle	1,335	—	—
Other non-cash items	5,045	4,957	945
Deferred income taxes	13,602	6,849	6,771
Changes in assets and liabilities, excluding effects of acquisitions:			
Accounts receivable, net	(2,954)	(5,450)	(5,659)
Current liabilities, excluding settlement and claims payables	(3,554)	(5,885)	8,478
Claims accounts, net	(5,092)	(2,031)	(2,990)
Other current assets	(2,077)	(3,660)	(1,657)
Other long-term liabilities	(141)	(279)	3,710
Other assets	(9,236)	(5,721)	(12,638)
	138,096	126,655	131,916
Settlement accounts, net	—	—	(29,040)
Net cash provided by operating activities	138,096	126,655	102,876
Cash flows from investing activities:			
Capital expenditures	(43,955)	(48,961)	(49,349)
Acquisitions, net of cash acquired	(4,521)	(10,433)	(79,038)
Net cash used in investing activities	(48,476)	(59,394)	(128,387)
Cash flows from financing activities:			
Net repayments to Equifax	—	—	(206,646)
Net (repayments of) additions to long-term debt	(214,200)	(15,800)	230,000
Proceeds from note issuance, net of discount and payment of debt issuance costs	196,130	—	—
Treasury stock purchases	(73,550)	(79,554)	(2,353)
Dividends paid	(3,242)	—	—
Proceeds from exercise of stock options	5,502	15,935	3,992
Other	(32)	(359)	(122)
Net cash (used in) provided by financing activities	(89,392)	(79,778)	24,871
Effect of foreign currency exchange rates on cash	7,886	(991)	(1,480)
Net cash provided (used)	8,114	(13,508)	(2,120)
Cash and cash equivalents, beginning of year	14,166	27,674	29,794
Cash and cash equivalents, end of year	\$ 22,280	\$ 14,166	\$ 27,674

The accompanying notes are an integral part of these consolidated financial statements.

CERTEGY INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)

	Shares Outstanding	Equifax Equity Investment	Common Stock	Paid-in Capital	Retained Earnings	Deferred Compensation	Accum Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity	Comprehensive Income
Balance, December 31, 2000		\$ 380,906	\$ —	\$ —	\$ —	\$ —	\$ (57,288)	\$ —	\$ 323,618	\$ 79,636
2001 changes:										
Net income		36,508			50,568				87,076	\$ 87,076
Foreign currency translation adjustment							(10,323)		(10,323)	(10,323)
Net transactions with Equifax		83,678							83,678	
Distribution	68,600	(501,092)	686	225,406					(275,000)	
Restricted stock issued	133		1	4,326		(4,327)			—	
Treasury stock purchased	(81)							(2,353)	(2,353)	
Stock options exercised	184		1	1,638				2,353	3,992	
Income tax benefit from stock options				729					729	
Amortization of deferred compensation						676			676	
Cash flow hedging activities, net of tax benefit of \$146							(228)		(228)	(228)
Balance, December 31, 2001	68,836	—	688	232,099	50,568	(3,651)	(67,839)	—	211,865	\$ 76,525
2002 changes:										
Net income					89,984				89,984	\$ 89,984
Foreign currency translation adjustment							(45,787)		(45,787)	(45,787)
Restricted stock issued, net of cancellations	264		2	7,286		(9,056)		1,578	(190)	
Treasury stock purchased	(3,407)							(79,554)	(79,554)	
Stock options exercised	703		5	5,958				9,972	15,935	
Income tax benefit from stock options				3,772					3,772	
Amortization of deferred compensation						3,591			3,591	
Cash flow hedging activities, net of tax benefit of \$849							(1,173)		(1,173)	(1,173)
Balance, December 31, 2002	66,396	—	695	249,115	140,552	(9,116)	(114,799)	(68,004)	198,443	\$ 43,024
2003 changes:										
Net income					92,402				92,402	\$ 92,402
Foreign currency translation adjustment							38,291		38,291	38,291
Restricted stock issued	210			226		(5,629)		5,403	—	
Treasury stock purchased	(2,552)							(73,550)	(73,550)	
Dividends declared					(6,459)				(6,459)	
Stock options exercised	298			(1,288)				6,790	5,502	
Income tax benefit from stock options				1,298					1,298	
Amortization of deferred compensation						4,558			4,558	
Cash flow hedging							654		654	654

activities, net of
taxes of \$417

Balance, December 31, 2003	64,352	\$	—	\$	695	\$	249,351	\$	226,495	\$	(10,187)	\$	(75,854)	\$	(129,361)	\$	261,139	\$	131,347
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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 consolidating all of the assets and liabilities of the businesses that comprised the Payment Services division into Certegy Inc. (“Certegy” or the “Company”) and then distributing all of the outstanding shares of Certegy common stock to Equifax 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 in the U.S. and internationally through two segments, Card Services and Check Services (see Note 12 for segment information). Card Services provides card issuer services in the U.S., the U.K., Brazil, Chile, Australia, New Zealand, Ireland, Thailand, and the Dominican Republic. Additionally, Card Services provides merchant processing and e-banking 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 accompanying consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Prior to the Distribution Date, the financial statements include the accounts of the Equifax businesses that comprised its Payment Services division. All significant intercompany transactions and balances have been eliminated. Certain prior year amounts have been reclassified to conform to the current year presentation.

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 periods. Actual results could differ from these estimates.

Revenue Recognition. The Company recognizes revenues from its credit and debit card processing and related services based on a specified amount per account, per card, or per transaction when processed or as services are rendered.

Within the card merchant processing business, the Company 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. The Company contracts directly with merchants, as well as with the merchants’ financial institutions. When the Company has a direct relationship with the merchant, revenues collected for services are based primarily on a discount rate, which considers the cost of interchange fees, which are processing fees paid to credit card associations. When the Company’s relationship is with the merchant’s financial institution, it collects the interchange fees in addition to transaction fees. In both instances, the Company is responsible for collecting the interchange fees after settling with the credit card associations. Interchange fees, which are recorded as a component of revenues and costs of services, were \$133.0 million, \$162.6 million, and \$146.1 million in 2003, 2002 and 2001, respectively.

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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. 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. 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 check verification 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, and where the license fee is fixed and determinable, collectibility is probable, and evidence of an arrangement exists, revenue is recognized when delivery has occurred. 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.

The collection of fees for services or products prior to the period such services or products are provided to customers are deferred and recognized over the period such services are provided or as products are delivered.

In January 2002, the Company adopted Emerging Issues Task Force Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred" ("EITF 01-14"), which requires that reimbursements received for out-of-pocket expenses be classified as revenues. Historically, such reimbursements have been netted against costs of services in the consolidated statements of income. As a result of this required adoption and certain similar reclassifications, actual revenues, as previously reported for the year ended December 31, 2001 have increased by \$84.8 million for reimbursed out-of-pocket expenses that include postage, delivery, telecommunication, and other costs.

Reserve for Card Merchant Processing and Check Guarantee Losses. In the Company's direct card merchant processing business, if, due to the insolvency or bankruptcy of the merchant or other reasons, the Company is not able to collect amounts from its merchant customers that have been properly "charged back" by the cardholders, it must bear the credit risk for the full amount of the cardholder transaction. The Company requires cash deposits and other types of collateral from certain merchants to minimize any such risk. In addition, the Company utilizes a number of systems and procedures to manage merchant risk and believes that the diversification of its merchant portfolio among industries and geographic regions minimizes its risk of loss. The Company recognizes a reserve for estimated merchant credit losses based on historical experience and other relevant factors. This reserve amount is subject to risk that actual losses may be greater than the Company's estimates. At December 31, 2003 and 2002, the Company had aggregate card merchant processing loss reserves of \$1.1 million and \$1.0 million, respectively, which are included in other current liabilities in the consolidated balance sheets.

Effective January 1, 2003, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"), which requires the recognition of a liability for the amount of the fair value of a guarantee. A liability is required to be maintained until the settlement or expiration of the guarantee for transactions occurring after December 31, 2002. The adoption of FIN 45 did not have a material impact on the Company's card merchant processing business, as based on historical experience, ongoing credit risk assessments, and the collateral held, the fair value of the Company's guarantee for merchant chargebacks approximates the credit loss reserves.

In the Company's check guarantee business, if a guaranteed check presented to a merchant customer is dishonored by the check writer's bank, the Company reimburses its merchant customer for the check's face value and pursues collection of the amount from the delinquent check writer. The Company's merchant customers have approximately 60 days from the check date to present claims for dishonored checks to the Company. The Company has a maximum potential liability equal to the value of all checks presented to its merchant customers; however, through historical experience and analysis, the Company is able to reasonably estimate its liability for check returns. The Company recognizes a liability to its merchant customers for estimated check returns (claims payable) and a receivable for amounts the Company estimates it will recover from the check writers (claims recoverable), based on historical experience and other relevant factors. The estimated check returns and recovery amounts are subject to risk that actual amounts returned and recovered may be different than the Company's estimates. At December 31, 2003 and 2002, the Company had accrued claims payable and accrued claims recoverable balances of \$38.3 million and \$46.5 million, and \$48.3 million and \$50.3 million, respectively.

As a result of FIN 45, with regards to check guarantee transactions occurring after December 31, 2002, the Company is required to maintain a liability for each guaranteed check equal to the fair value of the guarantee, until the settlement or expiration of the guarantee. As the Company was already applying similar accounting policies for the recognition of its guarantee obligations and related revenue, the adoption of FIN 45 did not have a material impact on the Company's check guarantee business.

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The Company settles its claim obligations with merchants on average within 14 days. Recoverability of claims from the check writers extends beyond this timeframe, but generally occurs within a one-year timeframe.

Expenses of \$152.9 million, \$146.1 million, and \$128.7 million, respectively, were recorded in costs of services for the years ended December 31, 2003, 2002, and 2001, for card merchant processing losses and check guarantee losses, net of anticipated recoveries. Amounts written-off, or in the case of check guarantee losses, the amounts paid to the Company's merchant customers, net of amounts recovered from check writers, were \$158.9 million, \$153.0 million, and \$130.7 million, respectively, for the years ended December 31, 2003, 2002, and 2001.

Other Charges. It is the Company's policy to present other charges, such as severance, impairment, or restructuring, if significant for a given reporting period, on a separate line item within operating expenses in the consolidated statements of income. In the normal course of business, it is not unusual for the Company to have ongoing severance charges that are not significant and therefore, not presented separately in the consolidated statements of income.

Stock Based Compensation. As permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock Based Compensation" ("SFAS 123"), as amended by SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" ("SFAS 148"), the Company continues to account for stock based employee compensation plans under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25").

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. Diluted weighted average shares outstanding in 2003 and 2002 excludes approximately 2.0 million and 1.4 million weighted average shares, respectively, since these shares were antidilutive. As there were no historical market share prices for Certegy's common stock prior to July 9, 2001, the effect of dilutive stock options for periods prior to the Distribution Date 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, 2003, 2002, and 2001 is as follows:

	2003	2002	2001
		(In thousands)	
Weighted average shares outstanding (basic)	65,094	68,254	68,317
Effect of dilutive securities:			
Stock options	479	721	718
Restricted stock	297	58	28
Weighted average shares outstanding (diluted)	65,870	69,033	69,063

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 and third-party check collections. Cash held by the Company associated with this settlement process is classified as settlement deposits in the consolidated balance sheets. Net cash provided by operating activities for 2001 was reduced by \$29.0 million related to the timing of such settlements, as prior to the Distribution, settlement deposits were held by Equifax and included in the intercompany receivable from Equifax, a component of the Equifax equity investment.

The Company has an unsecured revolving credit facility that it uses 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. The credit agreement provides the Company with the option to select an interest rate for borrowings under this facility tied to the prime rate, LIBOR plus 100 basis points, or the federal funds rate plus 125 basis points. The credit agreement contains various covenants and restrictions, including, among other things, limitations on the ability to

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incur subsidiary indebtedness, to grant liens, to undertake certain mergers, to liquidate, to make certain investments and acquisitions, to pay dividends and redeem shares, and to dispose of certain assets. The terms of the credit agreement also require the Company to maintain certain leverage and fixed charge coverage ratios. The borrowings under this facility, which have not been guaranteed by any of the Company's subsidiaries, are unsecured and rank on parity in right of payment with all other unsecured and unsubordinated indebtedness from time to time outstanding. This facility has a term of 364 days and upon renewal of this facility in June 2003, the Company lowered the borrowing amount from \$130 million to \$100 million. Amounts may be repaid at any time within this term. There were no amounts outstanding under this facility at December 31, 2003 or 2002.

Trade Accounts Receivable. The Company's provisions for losses on trade accounts receivable were \$2.0 million, \$1.7 million, and \$1.3 million, respectively, and write-offs, net of recoveries, were \$2.8 million, \$1.6 million, and \$0.9 million, respectively, for the years ended December 31, 2003, 2002, and 2001.

Other Current Assets. The Company's other current assets at December 31, 2003 and 2002 consist of the following:

	2003	2002
	(In thousands)	
Other receivables	\$26,907	\$14,916
Prepaid expenses	11,658	10,166
Current deferred income taxes (Note 7)	1,933	5,570
Inventories and supplies	1,889	1,822
Other current assets	7,515	4,714
	<u>\$49,902</u>	<u>\$37,188</u>

Property and Equipment. The cost of property and equipment is depreciated on a straight-line basis over estimated useful lives as follows: building—40 years; leasehold improvements—not to exceed lease terms; data processing equipment—3 to 5 years; and furniture and fixtures—3 to 8 years. Maintenance and repairs are charged to expense as incurred.

Property and equipment at December 31, 2003 and 2002 consist of the following:

	2003	2002
	(In thousands)	
Land	\$ 1,500	\$ —
Building and improvements	37,794	13,300
Data processing equipment and furniture	114,316	102,003
	<u>153,610</u>	<u>115,303</u>
Less accumulated depreciation	(94,713)	(76,666)
	<u>\$ 58,897</u>	<u>\$ 38,637</u>

Depreciation and amortization expense for property and equipment was \$16.8 million in 2003, \$15.3 million in 2002, and \$13.8 million in 2001.

Equipment under capital lease, which is included in data processing equipment and furniture above, was \$0.6 million at December 31, 2003. Accumulated depreciation related to these assets totaled approximately \$44 thousand at December 31, 2003. There were no assets under capital lease at December 31, 2002.

In December 2003, the FASB issued Interpretation No. 46 (revised 2003), "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" ("FIN 46"). FIN 46 requires the consolidation of variable interest entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity.

The Company is the tenant of certain real property located in St. Petersburg, Florida (the "Leased Property") pursuant to the terms of a synthetic lease agreement dated December 30, 1999 (the "Synthetic Lease") with an unconsolidated variable interest entity (the "VIE"), as landlord. The term of the Synthetic Lease expires on May 29, 2009, but can be renewed through May 30, 2014. In order to acquire the Leased Property, third parties have invested capital at risk equal to 3.5% of the assets of the VIE with the

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remainder being financed through a debt obligation of the VIE. This, and certain other criteria, allowed the Company to not consolidate the VIE in the Company's financial statements prior to adopting FIN 46. Rather, the Company accounted for the arrangement as an operating lease. Accordingly, neither the leased facility nor the related debt was recorded in the Company's accompanying consolidated balance sheets. Upon notice to the VIE and the satisfaction of certain other conditions, the Company has the option to purchase the Leased Property at its original cost or to direct the sale of the facility to a third party.

Upon adoption of certain provisions of FIN 46 on December 31, 2003, the Company consolidated the VIE and recorded a cumulative effect of accounting change expense of \$1.3 million after-tax, or \$0.02 per diluted share. Upon consolidation of the VIE, property and equipment increased by \$21.0 million, which is net of accumulated depreciation of \$2.2 million, long-term notes payable increased by \$22.4 million, deferred income tax assets increased \$0.8 million, and a minority interest liability of \$0.8 million was recorded, which is included in other long-term liabilities in the consolidated balance sheet.

The effect on diluted EPS would have been less than \$0.01 in 2003, 2002, and 2001 if FIN 46 had been adopted as of the beginning of 2001.

Goodwill. The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), effective January 1, 2002 for acquisitions that occurred prior to June 30, 2001. Accordingly, the amortization of goodwill ceased on January 1, 2002. SFAS 142 prescribes the method for determining goodwill impairment. First, a determination of the fair value of the reporting units is made using expected future discounted cash flows. If the net book value of the reporting unit exceeds the fair value, an allocation of the reporting unit's fair value to all of its assets and liabilities in a manner similar to purchase price allocation is made, with any residual fair value being allocated to goodwill. The fair value of the goodwill is then compared to its carrying amount to determine impairment. An impairment charge is recognized only when the implied fair value of a reporting unit, including goodwill, is less than its carrying amount. During 2003, the Company completed its annual fair value-based impairment test, which resulted in no impairment losses being recorded. The Company will continue to evaluate goodwill for impairment, at least annually, in accordance with SFAS 142.

Goodwill by segment, net of accumulated amortization at December 31, 2003 and 2002 recorded prior to the adoption of SFAS 142, is as follows:

	2003	2002
	(In thousands)	
Card Services	\$ 157,968	\$ 140,644
Check Services	29,659	28,312
	<u>\$ 187,627</u>	<u>\$ 168,956</u>

The change in the carrying amount of goodwill from December 31, 2002 to December 31, 2003 was primarily the result of currency translation adjustments.

Adoption of the non-amortization provisions of SFAS 142 as of January 1, 2001 would have increased net income for the year ended December 31, 2001 by \$7.3 million, which is net of \$1.3 million of income taxes, or \$0.10 per diluted share.

Other Intangible Assets. The Company's acquired intangible assets subject to amortization at December 31, 2003 and 2002 are as follows:

	2003		2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(In thousands)		(In thousands)	
Merchant portfolios	\$28,729	\$ 7,262	\$24,000	\$ 4,833
Other	12,996	2,664	12,840	665
	<u>\$41,725</u>	<u>\$ 9,926</u>	<u>\$36,840</u>	<u>\$ 5,498</u>
Net book value	<u>\$31,799</u>		<u>\$31,342</u>	

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During 2003, the Company acquired a merchant portfolio at a purchase price of \$4.5 million in cash, which is being amortized on a straight-line basis over 7 years.

The Company's other intangible assets consist of data files, customer lists, technology, and other acquired customer contracts, which are amortized on a straight-line basis over their estimated useful lives, which range from 5 to 15 years. Amortization expense associated with the Company's acquired intangible assets totaled \$4.4 million, \$3.0 million, and \$2.4 million for the years ended December 31, 2003, 2002 and 2001, respectively. During 2002, the Company recorded an impairment charge of \$4.2 million associated with an acquired contract due to the loss of the customer in the Company's Brazilian card operation (Note 3). Estimated amortization expense for the Company's acquired intangible assets for each of the five succeeding fiscal years is as follows: 2004-\$4.8 million; 2005-\$4.8 million; 2006-\$4.8 million; 2007-\$4.8 million; and 2008-\$3.2 million.

The Company has no intangible assets with indefinite useful lives.

Systems Development, Other Deferred Costs and Other Assets. The costs of internally developed systems used to provide services to customers or for internal administrative services and other deferred costs are capitalized and amortized on a straight-line basis over five to eight years, as determined by their estimated useful lives. Other assets principally consist of prepaid pension cost, purchased software, and life insurance policies. The costs of 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 eight years, as determined by their estimated useful lives.

Other assets, net at December 31, 2003 and 2002 consist of the following:

	2003	2002
	(In thousands)	
Prepaid pension cost (Note 9)	\$19,428	\$20,678
Purchased software	11,425	11,139
Cash surrender value of life insurance policies	10,816	6,294
Deferred income taxes (Note 7)	6,691	4,244
SERP intangible asset (Note 9)	4,356	—
Other	13,592	12,145
	<u>\$66,308</u>	<u>\$54,500</u>

Amortization expense for systems development, other deferred costs and other assets was \$20.8 million in 2003, 2002, and 2001. As of December 31, 2003 and 2002, accumulated amortization was \$107.7 million and \$84.6 million, respectively.

Other Current Liabilities. The Company's other current liabilities at December 31, 2003 and 2002 consist of the following:

	2003	2002
	(In thousands)	
Accrued employee payroll taxes, withholdings, and benefits	\$ 8,211	\$ 5,147
Deferred revenue	8,833	6,288
Accrued interest	3,179	1,129
Other accrued expenses	19,320	20,550
Other current liabilities	27,979	21,670
	<u>\$67,522</u>	<u>\$54,784</u>

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Accumulated Other Comprehensive Loss. Accumulated other comprehensive loss at December 31, 2003, 2002, and 2001 consists of the following components:

	2003	2002	2001
		(In thousands)	
Cumulative foreign currency translation adjustment	\$(75,107)	\$(113,398)	\$(67,611)
Cumulative loss from cash flow hedging activities	(747)	(1,401)	(228)
	<u>\$(75,854)</u>	<u>\$(114,799)</u>	<u>\$(67,839)</u>

Impairment of Long-Lived Assets. Long-lived assets include property and equipment, other intangible assets, systems development and other deferred costs, and other assets. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), 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 Company's long-lived assets are appropriately valued at December 31, 2003 and 2002.

Minority Interests. Minority interests in earnings of consolidated subsidiaries represent the minority shareholders' share of the after-tax net income or loss of consolidated 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, 2003, 2002, and 2001 are as follows:

	2003	2002	2001
		(In thousands)	
Income taxes paid, net of amounts refunded	\$39,163	\$46,169	\$28,627
Interest paid	\$ 4,536	\$ 7,186	\$ 5,138

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 payable, and accrued liabilities to approximate their fair market values due to their short maturity. The fair value of the Company's long-term unsecured notes was \$207.9 million at December 31, 2003, compared to the carrying amount of \$199.4 million. The fair value was derived using the discounted value of future cash flows using rates currently available for notes with similar terms. All other debt instruments at December 31, 2003, approximated their fair values given the debt arrangements have variable interest rates that reflect current terms and conditions for similar debt. The carrying amount of long-term debt approximated its fair value at December 31, 2002 given that the debt arrangement, which consisted only of outstanding borrowings on the Company's \$300 million revolving credit facility, had variable interest rates that reflected current terms and conditions for similar debt.

Effective January 1, 2001, the Company adopted 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. The Company has an 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

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December 31, 2003 and 2002, was valued as a liability totaling \$1.5 million and \$1.8 million, respectively. The notional amount of the debt underlying the swap arrangement at the date of the transaction was \$10.4 million.

The value of this swap arrangement is included in other current liabilities in the consolidated balance sheets, and the related gains or losses are recorded, net of income tax effects, as a component of other comprehensive income.

Note 3—Other Charges

During 2003, the Company recorded other charges of \$12.2 million (\$7.7 million after-tax). These charges include \$9.6 million of early termination costs associated with a U.S. data processing contract, \$2.7 million of charges related to the downsizing of the Company's Brazilian card operation, and (\$0.1) million of market value recoveries on the Company's collateral assignment in life insurance policies (the carrying value of our collateral assignment is the lesser of the policies' cash surrender value or the premiums paid), net of severance charges. These charges were recorded in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," and SFAS 144.

Early Termination Costs. In March 2003, the Company entered into a ten-year agreement with IBM to provide data processing services for its U.S. operations. The Company anticipates that this agreement, which replaces an existing arrangement the Company had with EDS, will provide cost savings and future operational flexibility to the Company. The Company recorded a charge of \$9.6 million in March 2003 for early contract termination costs under the terms of the existing EDS contract, which includes a \$6.7 million termination charge and \$2.9 million for "wind-down" costs payable to EDS related to the disposal or redeployment of EDS equipment, the placement of EDS personnel, and the termination of third-party agreements. Approximately \$8.8 million of this charge was recorded in Card Services, while the remaining \$0.8 million was recorded in Check Services. The conversion to IBM was completed during the third quarter of 2003.

Downsizing of Brazilian Card Operation. Due to the loss of a large customer in the Company's Brazilian card operation, which deconverted its card portfolio at the beginning of March 2003, and the continued focus on attaining cost efficiencies, the Company downsized its Brazilian card operation during the first quarter of 2003. In conjunction with this downsizing, the Company recorded charges of \$2.7 million, which included severance charges of approximately \$0.7 million, a \$0.2 million charge for third-party contract termination costs, and \$1.8 million of asset impairment charges related to equipment and capitalized software development costs. The impairment resulted from the downsizing of the operation and management's strategic focus away from certain development models in order to attain on-going cost efficiencies in its operations.

The following table summarizes the contract termination costs and severance charges incurred to date as described above, the movement in the accruals as of and for the year ended December 31, 2003, and the ending balances in the accruals:

	Costs Incurred To Date	Payments To Date	Accrual, December 31, 2003
Contract termination costs	\$ 9,804	\$ (9,674)	\$ 130
Severance charges	910	(841)	69
	<u>\$ 10,714</u>	<u>\$ (10,515)</u>	<u>\$ 199</u>

During 2002, the Company recorded other charges of \$12.2 million (\$7.7 million after-tax). These charges include an impairment write-off of \$4.2 million for the remaining intangible asset value assigned to an acquired customer contract in the Company's Brazilian card operation, due to the loss of the customer; a \$4.0 million charge for the settlement of a class action lawsuit, net of insurance proceeds (see Note 10); and \$4.0 million of severance charges and market value losses on the Company's collateral assignment in life insurance policies. All of the 2002 severance and legal settlement charges were paid as of December 31, 2003.

Note 4—Acquisitions

During 2003, the Company acquired a merchant portfolio for \$4.5 million in cash, which is being amortized on a straight-line basis over 7 years.

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During 2002 and 2001, the Company acquired or increased its ownership in the following businesses:

<u>Business</u>	<u>Date Acquired</u>	<u>Industry Segment</u>	<u>Percentage Ownership</u>
Netzee, Inc. (U.S.)	December 2002	Card Services	100.0%
Accu Chek, Inc. (U.S.)	August 2001	Check Services	100.0%
Unnisa Ltda. (Brazil)	May 2001	Card Services	100.0%(1)

(1) Increased ownership from 59.3 percent acquired in 1998 to 100 percent in 2001.

On December 31, 2002, the Company completed the purchase of substantially all of the assets and liabilities of Netzee, Inc., a provider of Internet banking products and e-commerce solutions to community banks and credit unions, for \$10.4 million in cash. Approximately \$2.6 million of the purchase price was allocated to acquired net assets, while \$7.8 million was allocated to acquired technology and customer contracts. These intangible assets will be amortized over an average of five years. Pro forma results of operations have not been presented for this acquisition because the effect of the transaction was not material to the consolidated financial statements.

In May 2001, the Company increased its ownership in Unnisa Ltda. (“Unnisa”), a card processing business in Brazil, from 59.3 percent to 100 percent. 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 interest liability. If these acquisitions had occurred as of the beginning of 2001, the unaudited pro forma revenues, net income, and diluted EPS of the Company would have been \$941.0 million, \$87.3 million, and \$1.26, respectively in 2001.

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 included in this note 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 5—Transactions with Equifax

Prior to the Distribution, the Company advanced excess cash to Equifax under Equifax’s centralized cash management system. There were no other material intercompany purchase or sale transactions between Equifax and the Company through the Distribution Date.

The Company was charged with incremental corporate costs through the Distribution Date in the amount of \$6.3 million in 2001. Approximately \$1.9 million of this amount was allocated to the Company’s two operating segments. 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 \$3.2 million in 2001, 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 addressed the allocation of assets and liabilities between them and that defined 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

Long-term debt at December 31, 2003 and 2002 consists of the following:

	2003	2002
	(In thousands)	
Unsecured notes, 4.75%, due 2008, net of unamortized discount of \$0.6 million in 2003	\$ 199,420	\$ —
Borrowings under revolving credit facility	—	214,200
Notes payable, 1.76%, due 2009	22,364	—
Capital lease obligations	615	—
	<u>\$ 222,399</u>	<u>\$ 214,200</u>

Unsecured Notes. In September 2003, the Company completed its offering of \$200 million (aggregate principal amount) of unsecured 4.75% fixed-rate notes due in 2008. The notes rank equally with all of the Company's existing and future unsecured, unsubordinated indebtedness from time to time outstanding. The notes were sold at a discount of \$0.6 million, which along with related note issuance costs, will be amortized over the term of the notes. The Company used the net proceeds from the offering to pay off the outstanding indebtedness under its \$300 million revolving credit facility and for general corporate purposes. The notes will accrue interest from September 10, 2003 at a rate of 4.75% per year, payable semi-annually in arrears on each March 15 and September 15, beginning March 15, 2004.

Revolving Credit Facilities. On July 6, 2001, the Company entered into an amended and restated revolving credit agreement with a group of commercial banks. The credit agreement initially provided for an aggregate of \$400 million in borrowings, consisting of a \$100 million 364-day facility and a three-year \$300 million facility. In June 2003, the Company signed an extension of the \$300 million multi-year facility, extending that facility through June 2005. The Company did not renew the \$100 million 364-facility upon its expiration in 2002. The \$300 million facility bore interest at an annual rate of LIBOR plus 100 basis points and contained certain financial covenants related to interest coverage and funded debt to cash flow. Borrowings under this facility were guaranteed by the Company's subsidiaries. Borrowings were made on this facility in 2001 to fund a \$275 million payment to Equifax in conjunction with the Distribution. It was also used to meet working capital and acquisition needs through 2003. Outstanding amounts were due upon the expiration date of the facility in June 2005. The Company had \$214.2 million outstanding under this facility at December 31, 2002, which was repaid in 2003 with the proceeds from the issuance of the Company's unsecured five-year notes.

In September 2003, the Company cancelled its \$300 million revolving credit facility and replaced it with a new \$200 million revolving credit facility, which expires in September 2006. The new facility has substantially the same terms as the former facility, except there are no subsidiary guarantees. The new facility bears interest at an annual rate of LIBOR plus 100 basis points and contains certain financial covenants related to interest coverage and funded debt to cash flow. Borrowings on the new facility are available to meet working capital needs and to fund strategic acquisitions and the periodic repurchases of shares when deemed appropriate. The Company had no outstanding borrowings under this facility at December 31, 2003.

The Company also has an unsecured revolving credit facility that it uses to finance its customers' shortfalls in the daily funding requirements associated with the Company's credit and debit card settlement operations (Note 2). Upon renewal of this 364-day facility in June 2003, the Company lowered the total available borrowing amount from \$130 million to \$100 million. Outstanding borrowings on this credit facility are classified as part of the Company's settlement payables in the consolidated balance sheets. There were no amounts outstanding under this facility at December 31, 2003 or 2002.

Notes Payable. As described in Note 2, the Company consolidated its St. Petersburg, Florida synthetic lease on December 31, 2003, in accordance with certain provisions of FIN 46. As a component of this consolidation, the Company recorded long-term notes payable of \$22.4 million, which are due at the expiration of the synthetic lease in May 2009. These notes currently bear interest at an annual rate of LIBOR plus 47.5 basis points.

Capital Lease Obligations. In July 2003, the Company entered into a capital lease agreement. Under the terms of the agreement, the Company can lease various types of computer equipment under a pre-arranged pricing schedule with a four-year lease term. Approximately \$0.6 million was outstanding under this agreement at December 31, 2003. Total assets leased under this agreement totaled \$0.6 million at December 31, 2003.

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Future maturities of capital lease obligations are as follows as of December 31, 2003 (in thousands):

2004	\$185
2005	179
2006	179
2007	132
	<hr/>
	675
Less amounts representing interest	(60)
	<hr/>
Present value of minimum lease payments	\$615
	<hr/>

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 for periods through June 30, 2001 calculated using the separate return basis. All income tax amounts related to periods prior to the Distribution Date have been settled with Equifax. Future adjustments, if any, to such periods will be settled in accordance with the Tax Sharing and Indemnification Agreement.

During 2002, the Company determined that its investments in certain foreign subsidiaries are permanently invested and will not be repatriated to the U.S. in the foreseeable future. Future U.S. tax consequences on the undistributed earnings of these subsidiaries are no longer considered in the tax provision calculation in accordance with APB Opinion No. 23. At December 31, 2003, there are approximately \$24.1 million of undistributed net earnings for which no additional U.S. tax is provided.

The provision for income taxes before cumulative effect of a change in accounting principle consists of the following:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
	(In thousands)		
Current:			
Federal	\$30,553	\$37,580	\$42,187
State	3,925	3,941	6,138
Foreign	5,513	7,882	5,105
	<hr/>	<hr/>	<hr/>
	39,991	49,403	53,430
	<hr/>	<hr/>	<hr/>
Deferred:			
Federal	16,127	5,662	1,928
State	1,119	1,137	278
Foreign	(2,185)	(238)	640
	<hr/>	<hr/>	<hr/>
	15,061	6,561	2,846
	<hr/>	<hr/>	<hr/>
	\$55,052	\$55,964	\$56,276
	<hr/>	<hr/>	<hr/>

The provision for income taxes is based on pre-tax income before cumulative effect of a change in accounting principle as follows:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
	(In thousands)		
United States	\$150,770	\$ 129,131	\$ 133,552
Foreign	(1,981)	16,817	10,745
	<hr/>	<hr/>	<hr/>
	\$148,789	\$ 145,948	\$ 144,297
	<hr/>	<hr/>	<hr/>

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The provision for income taxes is reconciled with the U.S. federal statutory rate as follows:

	2003		2002		2001	
	(In thousands)					
Provision calculated at federal statutory rate	\$52,076	35.0%	\$51,082	35.0%	\$50,504	35.0%
State and local taxes, net of federal benefit	3,278	2.2	3,301	2.3	4,170	2.9
Foreign tax on U.S. income	367	0.3	3,849	2.6	1,596	1.1
Foreign tax credit, current and deferred	—	—	(2,418)	(1.7)	(1,596)	(1.1)
Goodwill	—	—	—	—	1,252	0.9
Research credits	(308)	(0.2)	—	—	—	—
Other	(361)	(0.3)	150	0.1	350	0.2
	<u>\$55,052</u>	<u>37.0%</u>	<u>\$55,964</u>	<u>38.3%</u>	<u>\$56,276</u>	<u>39.0%</u>

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, 2003 and 2002 are as follows:

	2003	2002
	(In thousands)	
Deferred income tax assets:		
Reserves and accrued expenses	\$ 4,485	\$ 4,990
Net operating loss carryforwards	2,445	2,744
Depreciation	1,551	—
Deferred income	992	4,041
Other	3,471	2,587
	<u>12,944</u>	<u>14,362</u>
Deferred income tax liabilities:		
Intangibles and other assets	(34,718)	(22,023)
Employee compensation and benefit plans	(2,311)	(4,503)
Claims recoverable and payable, net	(5,215)	(2,822)
Depreciation	—	(843)
Undistributed earnings of certain foreign subsidiaries	(1,271)	(1,271)
Other	(5,572)	(5,887)
	<u>(49,087)</u>	<u>(37,349)</u>
Net deferred income tax liability	\$ (36,143)	\$ (22,987)
Current deferred tax asset (included in other current assets)	\$ 1,933	\$ 5,570
Long-term deferred tax asset (included in other assets)	6,691	4,244
Current deferred tax liability (included in accrued taxes)	(828)	—
Long-term deferred tax liability	(43,939)	(32,801)
	<u>\$ (36,143)</u>	<u>\$ (22,987)</u>

The deferred tax asset for net operating loss carryforwards of \$2.4 million and \$2.7 million as of December 31, 2003 and 2002, respectively, relate to the Company's card processing business in the U.K. These net operating losses were generated in years prior to 2002 and have an indefinite carryover period. Utilization of these net operating losses is limited to profits generated by the card processing operations.

Note 8—Shareholders' Equity

Equifax Equity Investment. Equifax's equity investment included the original investments in the Company, accumulated income of the Company through the Distribution Date, and the dividend to Equifax arising from the forgiveness of the net intercompany receivable due from Equifax reflecting transactions described in Note 5.

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Treasury Stock. In August 2003, the Company's Board of Directors increased the Company's remaining share repurchase authority to \$100 million. During 2003, the Company repurchased 1.7 million shares of its common stock through open market transactions at an aggregate cost of \$49.6 million. Additionally, during the third quarter of 2003, the Company repurchased 0.9 million shares through a private transaction at an aggregate cost of \$24.0 million. Combined with approximately 3.4 million and 0.1 million shares the Company repurchased in 2002 and 2001, respectively, for \$79.6 million and \$2.4 million, respectively, the Company has repurchased a total of approximately 6.1 million shares, leaving approximately \$40.1 million authorized for future share repurchases as of December 31, 2003. During 2003, 2002, and 2001, the Company reissued approximately 0.5 million, 0.3 million, and 0.1 million treasury shares, respectively, in connection with employee stock option exercises and restricted stock awards.

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 percent 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 percent 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, which provided 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 these 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 FIN 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 ranges from \$5.79-\$31.52.

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In June 2001, the Company's Board of Directors adopted the Certegy Inc. Stock Incentive Plan (the "Employee Stock Plan"), pursuant to which 6.6 million shares of authorized but unissued common stock were reserved. Under the provisions of the Employee Stock Plan, the number of shares available for grant is increased each January through 2008 based on the number of common shares issued and outstanding. The Employee Stock 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 or four-year period and are exercisable for ten years from the date of grant. Additionally, the Company adopted the Certegy Inc. Non-Employee Director Stock Option Plan (the "Director Stock 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, 2003, there were approximately 1.7 million and 164,000 shares available for future option grants and restricted stock awards under the Employee Stock Plan and the Director Stock Plan, respectively. The following is a summary of the stock option activity during 2003, 2002, and 2001:

	Options	Weighted Average Exercise Price
	(Options in thousands)	
Balance, January 1, 2001	—	\$ —
Replacement options	3,390	21.62
Granted (at market price)	449	28.57
Cancelled	(56)	21.60
Exercised	(184)	22.58
Balance, December 31, 2001	3,599	\$ 22.47
Granted (at market price)	1,547	33.38
Cancelled	(74)	25.36
Exercised	(703)	22.68
Balance, December 31, 2002	4,369	\$ 26.26
Granted (at market price)	639	25.58
Cancelled	(196)	29.99
Exercised	(304)	18.89
Balance, December 31, 2003	4,508	\$ 26.49
Exercisable at December 31, 2003	3,018	\$ 25.30

The following table summarizes information about stock options outstanding at December 31, 2003 (options in thousands):

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Options	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
\$8.73-\$17.55	531	5.24	\$ 16.50	531	\$ 16.50
\$18.77-\$19.94	669	6.56	\$ 19.25	541	\$ 19.33
\$20.45-\$23.72	586	6.46	\$ 23.28	491	\$ 23.19
\$24.54-\$25.16	525	8.92	\$ 24.83	91	\$ 24.55
\$26.37-\$28.50	582	7.23	\$ 27.97	419	\$ 27.91
\$28.77-\$32.16	359	6.05	\$ 30.16	270	\$ 30.16
\$32.51-\$33.84	59	7.91	\$ 33.10	23	\$ 33.14
\$34.96	1,172	8.12	\$ 34.96	637	\$ 34.96
\$42.75-\$43.50	25	4.40	\$ 43.35	15	\$ 43.50
	4,508	7.12	\$ 26.49	3,018	\$ 25.30

The weighted-average grant-date fair value per share of options granted in 2003 under the Employee Stock Plan and the Director Stock Plan is \$9.07 and \$8.90, respectively. The weighted-average grant-date fair value per share of options granted in 2002 under the Employee Stock Plan and the Director Stock Plan is \$12.62 and \$15.24, respectively. The weighted-average grant-date fair values per share of replacement options and options granted in 2001 under the Employee Stock Plan and the Director Stock Plan are \$18.29 and

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\$13.02, respectively. The fair value of all options is estimated on the date of grant using the Black-Scholes option-pricing model based on the following weighted average assumptions:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Dividend yield	0.6%	0.0%	0.0%
Expected volatility	40.0%	40.0%	43.8%
Risk-free interest rate	3.1%	3.1%	4.4%
Expected life in years	4.8	4.7	4.8

Pro Forma Information. In accordance with the provisions of 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:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
	(In thousands, except per share amounts)		
Net income:			
As reported	\$ 92,402	\$ 89,984	\$ 87,076
Pro forma	\$ 84,706	\$ 79,640	\$ 76,471
Earnings per share (basic):			
As reported	\$ 1.42	\$ 1.32	\$ 1.27
Pro forma	\$ 1.30	\$ 1.17	\$ 1.12
Earnings per share (diluted):			
As reported	\$ 1.40	\$ 1.30	\$ 1.26
Pro forma	\$ 1.29	\$ 1.15	\$ 1.11

Long-Term Incentive Plan and Restricted Stock Awards. Upon the Distribution, the Company's Board of Directors adopted the Certegy Inc. Key Management Long-Term Incentive Plan for officers and other key employees. This plan, in conjunction with the Employee Stock Plan, provides for cash and restricted stock awards. Cash awards are recorded as a liability based on the estimated cash payout under the award, while restricted stock grants are recorded as deferred compensation, a reduction of shareholders' equity, based on the quoted fair market value of the Company's stock on the date of grant. Compensation expense associated with these awards can fluctuate each year in the case of performance-based awards, based on the likelihood that the performance criteria will be met. During 2003, 2002, and 2001, the Company granted 209,877 shares, 287,000 shares, and 133,000 shares of restricted stock to officers and key employees under the Employee Stock Plan. The shares become fully vested at the end of vesting periods, which range from 12 to 72 months. During 2002, approximately 22,800 restricted shares were cancelled. Compensation expense for these plans was \$4.6 million in 2003, \$4.5 million in 2002, and \$1.5 million in 2001.

Dividends. In August 2003, the Company's Board of Directors approved an initial quarterly common stock dividend of \$0.05 per share, or \$3.2 million, which was paid on October 15, 2003 to shareholders of record as of the close of business on October 1, 2003. Additionally, in November 2003, the Company's Board of Directors approved a quarterly common stock dividend of \$0.05 per share, or \$3.2 million, which was paid on January 15, 2004 to shareholders of record as of the close of business on January 1, 2004.

Note 9—Employee Benefits

In December 2003, the Company adopted SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits." This statement revises employers' disclosures about pension and other postretirement benefit plans. It does not change the measurement or recognition of these plans.

Prior to the Distribution, 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.

The Company uses a measurement date of December 31 for the majority of its retirement and postretirement benefit plans.

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Retirement Plan. The Equifax noncontributory qualified retirement plan covered most U.S. salaried employees. Benefits were primarily a function of salary and years of service. The Equifax plan provisions and funding met the requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”), 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. 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 a noncontributory qualified retirement plan (the “Retirement 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.

Supplemental Retirement Plan. In November 2003, the Company established a supplemental executive retirement plan (“SERP”) for certain key officers. The plan, which is unfunded, provides supplemental retirement payments based on salary and years of service. In connection with the establishment of this plan, the Company recorded a \$4.4 million intangible asset and additional minimum liability, representing the unfunded accumulated benefit obligation at inception of the plan. These amounts are included in other assets and other long-term liabilities, respectively, in the consolidated balance sheet.

Postretirement Benefit Plan. The Equifax unfunded healthcare and life insurance benefit plan covered eligible retired employees. Substantially all U.S. employees became eligible for these benefits if they reached normal retirement age while working for Equifax and satisfied certain years of service requirements. Equifax accrued 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 were allocated to the Company in proportion to total payroll costs. Effective on the Distribution Date, the Company established its own unfunded healthcare and life insurance benefit plan with substantially the same terms as the Equifax plan, and Equifax transferred to this plan a proportionate share of the accrued liability for the Company’s participants under the Equifax plan.

A reconciliation of the changes in the benefit obligations for the years ended December 31, 2003 and 2002 is as follows:

	Retirement Plans		Postretirement Benefit Plan	
	2003	2002	2003	2002
	(In thousands)			
Benefit obligations at beginning of year	\$32,108	\$27,963	\$1,315	\$ 1,923
SERP benefit obligation at inception	5,849	—	—	—
Service cost	3,191	2,595	184	336
Interest cost	2,431	1,855	92	144
Plan amendments	248	—	—	—
Actuarial loss (gain)	3,437	(232)	49	(1,088)
Benefits paid	(242)	(73)	—	—
	<u>\$47,022</u>	<u>\$32,108</u>	<u>\$1,640</u>	<u>\$ 1,315</u>
Accumulated benefit obligations at end of year	<u>\$39,490</u>	<u>\$27,192</u>	<u>\$1,640</u>	<u>\$ 1,315</u>

The weighted-average assumptions used to determine benefit obligations at December 31, 2003 and 2002 are as follows:

	Retirement Plans		Postretirement Benefit Plan	
	2003	2002	2003	2002
Discount rate	6.75%	7.00%	6.75%	7.00%
Rate of compensation increase for Retirement Plan	4.25%	4.25%	N/A	N/A

The weighted-average assumptions used to determine the benefit obligations under the Company’s SERP are the same as the Retirement Plan assumptions, with the exception of the rate of compensation increase, which was 5.0% at December 31, 2003.

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A reconciliation of the changes in the fair value of plan assets for the years ended December 31, 2003 and 2002 is as follows:

	Retirement Plans	
	2003	2002
	(In thousands)	
Fair value of plan assets at beginning of year	\$39,137	\$45,045
Actual return on plan assets	9,600	(5,835)
Benefits paid	(242)	(73)
Fair value of plan assets at end of year	\$48,495	\$39,137

Benefits paid in the above table include only those amounts paid directly from plan assets.

The asset allocation for the Retirement Plan at the end of 2003 and 2002 and the target allocation for 2004, by asset category, are as follows:

Asset Category:	Target Allocation	Percentage of Plan Assets at Measurement Date	
	2004	2003	2002
Equity securities	70%	71%	68%
Debt securities	30%	29%	32%
Total	100%	100%	100%

The Company's pension plan assets are invested in a manner consistent with the fiduciary standards of ERISA. Plan investments are made with the safeguards and diversity to which a prudent investor would adhere and all transactions undertaken are for the sole benefit of plan participants and their beneficiaries.

The Company's investment objective is to obtain the highest possible return commensurate with the level of assumed risk. Fund performances are compared to benchmarks including the S&P 500 Index, S&P MidCap Index, Russell 2000 Index, MSCI EAFE Index, and Lehman Brothers Aggregate Bond Index. The Company's Investment Committee meets on a quarterly basis to review plan investments.

A reconciliation of the changes in the funded status for the years ended December 31, 2003 and 2002 is as follows:

	Retirement Plans		Postretirement Benefit Plan	
	2003	2002	2003	2002
	(In thousands)			
Funded status	\$ 1,473	\$ 7,029	\$ (1,640)	\$ (1,315)
Unrecognized actuarial loss (gain)	11,838	13,686	(1,048)	(1,177)
Unrecognized prior service cost	5,953	(37)	(313)	(483)
Net amount recognized	\$ 19,264	\$ 20,678	\$ (3,001)	\$ (2,975)

Amounts recognized in the consolidated balance sheets at December 31, 2003 and 2002 are as follows:

	Retirement Plans		Postretirement Benefit Plan	
	2003	2002	2003	2002
	(In thousands)			
Prepaid pension cost (Note 2)	\$ 19,428	\$ 20,678	\$ —	\$ —
Accrued benefit cost	(4,520)	—	(3,001)	(2,975)
Intangible asset (Note 2)	4,356	—	—	—
Net amount recognized	\$ 19,264	\$ 20,678	\$ (3,001)	\$ (2,975)

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Foreign Retirement Plans. The Company also maintains various defined contribution plans for certain employees in its international locations. Expenses for these plans for the years ended December 31, 2003, 2002, and 2001 were not material.

Employee Retirement Savings Plan. The Equifax retirement savings plan provided 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 expense for this plan was \$1.5 million in 2003, \$1.4 million in 2002, and \$1.1 million in 2001.

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 \$11.1 million in 2003, \$9.4 million in 2002, and \$9.1 million in 2001. Additionally, in July 2003, the Company entered into a capital lease agreement for various types of computer equipment.

Future minimum payment obligations for noncancelable operating leases exceeding one year are as follows as of December 31, 2003 (in thousands):

2004	\$10,770
2005	9,458
2006	7,620
2007	5,795
2008	4,974
Thereafter	7,908
	<hr/>
	\$46,525
	<hr/>

Data Processing Services Agreements. The Company has agreements with IBM and Proceda, which expire between 2007 and 2013, for portions of its computer data processing operations and related functions. The Company's estimated aggregate contractual obligation remaining under these agreements is approximately \$253.7 million as of December 31, 2003. 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.

Synthetic Leases. The adoption of FIN 45 on January 1, 2003 as it relates to the residual value guarantees under the Company's synthetic lease agreements did not have a material impact on the Company's financial results.

As discussed in Notes 2 and 6, the Company is the tenant of certain real property located in St. Petersburg, Florida. The aggregate value of the building and land at that site when the Company entered into this arrangement was \$23.2 million. Subject to the satisfaction of certain conditions, the Company has the option to acquire this leased property at its original cost, or to direct the sale of this facility to a third party. The Company has provided a guarantee to the lessor that the proceeds from a sale of the facility to a third party will equal or exceed a certain percentage of the original fair market value of the leased property. The Company's maximum exposure under this guarantee is approximately \$18.1 million.

Effective December 31, 2003, the Company began consolidating this lease arrangement into its consolidated financial statements in accordance with certain provisions of FIN 46.

In 2003, the Company amended its synthetic lease arrangement with respect to its facilities in Madison, Wisconsin, which expires in 2009. The aggregate value of the building and land at that site when the Company entered into this arrangement was \$10.4 million. Subject to the satisfaction of certain conditions, the Company has the option to acquire this leased property at its original cost, or to direct the sale of this facility to a third party. The Company has provided a guarantee to the lessor that the proceeds from a sale of the facility to a third party will equal or exceed a certain percentage of the original fair market value of the leased property. The Company's maximum exposure under this guarantee is approximately \$8.3 million.

Based on current market conditions, the Company does not expect to be required to make payments under these residual value guarantees.

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The Company has entered into an interest rate swap arrangement to fix the variable interest rate on the Madison, Wisconsin lease obligation (Note 2).

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 percent 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. 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. The Company provides for estimated legal fees and settlements relating to pending lawsuits.

A class action lawsuit entitled Gary and Nancy Ballard, et. al. v. Equifax Check Services, Inc. (now known as Certegy Check Services, Inc.) was filed against the Company in August 1996 in the U.S. District Court for the Eastern District of California. This lawsuit was based on a claim that, during the period August 1992 through December 31, 1996, the Company improperly assessed a service charge on unpaid checks, which allegedly violated provisions of the Federal Fair Debt Collection Practices Act and California's Unfair Business Practices Act. The action sought, 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. These amounts in the aggregate could have exceeded \$18 million if the plaintiffs had prevailed in the case. In November 2002, the Company entered into a Memorandum of Understanding with the plaintiffs providing for a settlement whereby the Company agreed to pay \$3.975 million, net of amounts covered under a Letter of Agreement with its insurance carriers, to the plaintiffs in exchange for a full and final release of all claims asserted. On March 18, 2003, the U.S. District Court for the Eastern District of California signed an order preliminarily approving the settlement of the class action lawsuit, including the plan of distribution and the class notice. As required, the Company remitted \$3.975 million, which was accrued in the third quarter of 2002, in April 2003 to a trust for distribution to the plaintiffs. On July 21, 2003, the U.S. District Court granted final approval of the settlement and fully released Certegy from all claims in connection with this lawsuit.

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Note 11—Quarterly Consolidated Financial Information (Unaudited)

Quarterly revenues and operating income by reportable segment (Note 12) and other summarized quarterly financial data for 2003 and 2002 are as follows (in thousands, except per share amounts):

	<u>First (1)</u>	<u>Second (1)</u>	<u>Third</u>	<u>Fourth</u>
2003				
Revenues:				
Card Services	\$ 157,176	\$ 160,316	\$ 164,048	\$ 162,923
Check Services	82,993	87,076	91,743	109,189
	<u>\$ 240,169</u>	<u>\$ 247,392</u>	<u>\$ 255,791</u>	<u>\$ 272,112</u>
Operating income:				
Card Services	\$ 19,958	\$ 31,867	\$ 36,630	\$ 39,905
Check Services	5,974	8,999	11,852	17,736
	<u>25,932</u>	<u>40,866</u>	<u>48,482</u>	<u>57,641</u>
General corporate expense	(4,976)	(3,464)	(4,959)	(5,122)
	<u>\$ 20,956</u>	<u>\$ 37,402</u>	<u>\$ 43,523</u>	<u>\$ 52,519</u>
Income before cumulative effect of a change in accounting principle	\$ 12,192	\$ 22,968	\$ 26,325	\$ 32,252
Cumulative effect of a change in accounting principle, net of \$832 income tax benefit	—	—	—	(1,335)
Net income	<u>\$ 12,192</u>	<u>\$ 22,968</u>	<u>\$ 26,325</u>	<u>\$ 30,917</u>
Basic earnings per share:				
Income before cumulative effect of a change in accounting principle	\$ 0.19	\$ 0.35	\$ 0.40	\$ 0.50
Net income	<u>\$ 0.19</u>	<u>\$ 0.35</u>	<u>\$ 0.40</u>	<u>\$ 0.48</u>
Diluted earnings per share:				
Income before cumulative effect of a change in accounting principle	\$ 0.18	\$ 0.35	\$ 0.40	\$ 0.50
Net income	<u>\$ 0.18</u>	<u>\$ 0.35</u>	<u>\$ 0.40</u>	<u>\$ 0.48</u>
Dividends declared per common share	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>

(1) The first quarter and second quarter of 2003 include other charges of \$12.6 million and \$(0.4) million, respectively. See Note 3 for further information on these charges.

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	<u>First</u>	<u>Second</u>	<u>Third (1)</u>	<u>Fourth (1)</u>
2002				
Revenues:				
Card Services	\$ 157,219	\$ 172,512	\$ 167,609	\$ 163,563
Check Services	77,623	82,857	86,897	99,688
	<u>\$ 234,842</u>	<u>\$ 255,369</u>	<u>\$ 254,506</u>	<u>\$ 263,251</u>
Operating income:				
Card Services	\$ 24,644	\$ 31,146	\$ 34,666	\$ 38,920
Check Services	7,336	11,226	8,110	15,211
	<u>31,980</u>	<u>42,372</u>	<u>42,776</u>	<u>54,131</u>
General corporate expense	(4,199)	(4,054)	(5,485)	(5,572)
	<u>\$ 27,781</u>	<u>\$ 38,318</u>	<u>\$ 37,291</u>	<u>\$ 48,559</u>
Net income	<u>\$ 16,047</u>	<u>\$ 22,944</u>	<u>\$ 21,983</u>	<u>\$ 29,010</u>
Net income per common share:				
Basic	<u>\$ 0.23</u>	<u>\$ 0.33</u>	<u>\$ 0.32</u>	<u>\$ 0.44</u>
Diluted	<u>\$ 0.23</u>	<u>\$ 0.33</u>	<u>\$ 0.32</u>	<u>\$ 0.44</u>

- (1) The third quarter and fourth quarter of 2002 include other charges of \$9.3 million and \$2.9 million, respectively. See Note 3 for further information on these charges.

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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 2003, 2002, and 2001 is as follows (dollars in thousands):

	2003		2002		2001	
	Amount	%	Amount	%	Amount	%
Revenues:						
Card Services	\$ 644,463	63%	\$ 660,903	66%	\$ 631,665	67%
Check Services	371,001	37	347,065	34	304,306	33
	<u>\$ 1,015,464</u>	<u>100%</u>	<u>\$ 1,007,968</u>	<u>100%</u>	<u>\$ 935,971</u>	<u>100%</u>
Operating income:						
Card Services	\$ 128,360	74%	\$ 129,376	76%	\$ 119,767	73%
Check Services	44,561	26	41,883	24	43,502	27
	<u>172,921</u>	<u>100%</u>	<u>171,259</u>	<u>100%</u>	<u>163,269</u>	<u>100%</u>
General corporate expense	(18,521)		(19,310)		(11,850)	
	<u>\$ 154,400</u>		<u>\$ 151,949</u>		<u>\$ 151,419</u>	
Total assets at December 31:						
Card Services	\$ 511,118	65%	\$ 461,347	66%	\$ 511,149	70%
Check Services	215,529	28	202,681	29	172,186	23
Corporate	58,400	7	38,113	5	52,868	7
	<u>\$ 785,047</u>	<u>100%</u>	<u>\$ 702,141</u>	<u>100%</u>	<u>\$ 736,203</u>	<u>100%</u>
Depreciation and amortization:						
Card Services	\$ 32,220	77%	\$ 31,886	82%	\$ 38,789	85%
Check Services	8,688	21	6,572	17	6,811	15
Corporate	1,122	2	592	1	77	—
	<u>\$ 42,030</u>	<u>100%</u>	<u>\$ 39,050</u>	<u>100%</u>	<u>\$ 45,677</u>	<u>100%</u>
Capital expenditures:						
Card Services	\$ 29,517	67%	\$ 36,746	75%	\$ 36,982	75%
Check Services	13,849	32	8,700	18	10,139	21
Corporate	589	1	3,515	7	2,228	4
	<u>\$ 43,955</u>	<u>100%</u>	<u>\$ 48,961</u>	<u>100%</u>	<u>\$ 49,349</u>	<u>100%</u>

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Financial information by geographic area is as follows (dollars in thousands):

	2003		2002		2001	
	Amount	%	Amount	%	Amount	%
Revenues (based on location of customer):						
United States	\$ 847,853	84%	\$ 824,607	82%	\$ 767,031	82%
United Kingdom	89,477	9	79,040	8	62,579	7
Brazil	24,889	2	61,033	6	70,046	7
Other	53,245	5	43,288	4	36,315	4
	<u>\$ 1,015,464</u>	<u>100%</u>	<u>\$ 1,007,968</u>	<u>100%</u>	<u>\$ 935,971</u>	<u>100%</u>
Long-lived assets at December 31:						
United States	\$ 272,876	59%	\$ 214,285	55%	\$ 200,924	49%
United Kingdom	59,953	13	61,098	16	54,481	13
Brazil	105,073	23	89,114	23	133,548	32
Other	25,517	5	25,644	6	25,714	6
	<u>\$ 463,419</u>	<u>100%</u>	<u>\$ 390,141</u>	<u>100%</u>	<u>\$ 414,667</u>	<u>100%</u>

Revenues from external customers by product and service offering are as follows (dollars in thousands):

	2003		2002		2001	
	Amount	%	Amount	%	Amount	%
Card Issuer Services	\$ 462,522	45%	\$ 448,496	45%	\$ 434,300	46%
Check Services	371,001	37	347,065	34	304,306	33
Merchant Processing Services	170,348	17	202,906	20	187,550	20
Card Issuer Software and Support	11,593	1	9,501	1	9,815	1
	<u>\$ 1,015,464</u>	<u>100%</u>	<u>\$ 1,007,968</u>	<u>100%</u>	<u>\$ 935,971</u>	<u>100%</u>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

An evaluation of the Company's disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e) and 15d-15(e), was carried out by the Company's management, with the participation of the chief executive and chief financial officers, as of the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, the Company's chief executive and chief financial officers have concluded that such controls and procedures were effective as of the date of such evaluation.

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 13, 2004 to be filed with the Securities and Exchange Commission, will contain information relating to our directors and audit committee, compliance with Section 16(a) of the Exchange Act, and our code of ethics applicable to our chief executive, financial and accounting officers, 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 13, 2004 to be filed with the Securities and Exchange Commission, will contain 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 AND RELATED STOCKHOLDER MATTERS

Our Proxy Statement for the Annual Meeting of Shareholders to be held on May 13, 2004 to be filed with the Securities and Exchange Commission, will contain information relating to security ownership of certain beneficial owners and management, which is incorporated by reference into this report.

Our Proxy Statement will also contain information relating to our equity compensation plans, which is incorporated by reference into this report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our Proxy Statement for the Annual Meeting of Shareholders to be held on May 13, 2004 to be filed with the Securities and Exchange Commission, will contain 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.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our Proxy Statement for the Annual Meeting of Shareholders to be held on May 13, 2004 to be filed with the Securities and Exchange Commission, will contain information relating to the fees charged and services provided by our principal accountant during the last two fiscal years and our pre-approval policy and procedures for audit and non-audit services, which is incorporated by reference into this report.

PART IV**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K**

(a) The following documents are filed as part of this report:

(1) Financial Statements:

See Index to Financial Statements on page 35.

(2) Financial Statement Schedules:

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

<u>Exhibit No.</u>	<u>Description</u>
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.
3.2(a)	Amended and Restated Bylaws of Certegy dated February 5, 2004.
4.1	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.
4.2	Indenture, dated September 10, 2003, between Certegy Inc. and SunTrust Bank, as Trustee, previously filed as Exhibit 4.1 on Form S-4 filed September 26, 2003 (SEC File No. 333-109156) and incorporated by reference.
4.3	Registration Rights Agreement, dated September 10, 2003, among Certegy Inc., Bear, Stearns & Co. Inc., and the other parties referred to in Schedule A to the Purchase Agreement, previously filed as Exhibit 4.2 on Form S-4 filed September 26, 2003 (SEC File No. 333-109156) and incorporated by reference.
4.4	Form of 4.75% Note due in 2008 (included in Exhibit 4.1), previously filed as Exhibit 4.3 (included in Exhibit 4.1) on Form S-4 filed September 26, 2003 (SEC File No. 333-109156) and incorporated by reference.
4.5	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.)

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<u>Exhibit No.</u>	<u>Description</u>
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.
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)
10.11(a)	Amended Tier I Change in Control Agreement revised May 16, 2002. (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)
10.12(a)	Amended Tier II Change in Control Agreement revised May 16, 2002. (1)
10.13	Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan, previously filed as Exhibit 10.13 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.14	Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan Split Dollar Life Insurance Agreement (New Participant), previously filed as Exhibit 10.14 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.15	Grantor Trust Agreement, dated July 8, 2001, between Certegy Inc. and Wachovia Bank, N.A., previously filed as Exhibit 10.15 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference.
10.15(a)	Grantor Trust Agreement, as originally effective July 8, 2001, and amended and restated effective December 5, 2003, 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.

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<u>Exhibit No.</u>	<u>Description</u>
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, previously filed as Exhibit 10.20 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.21	Certegy Inc. Stock Incentive Plan, amended and restated February 28, 2002, previously filed as Exhibit 10.21 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.22	Certegy Inc. 2001 Key Management Long-Term Incentive Plan, previously filed as Exhibit 10.22 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.23	First Amendment to Certegy Inc. 2001 Key Management Long-Term Incentive Plan, effective February 28, 2002, previously filed as Exhibit 10.23 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.24	Certegy Inc. Non-Employee Director Stock Option Plan, previously filed as Exhibit 10.24 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.25	Certegy Inc. Deferred Compensation Plan, previously filed as Exhibit 10.25 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.26	Equifax Inc. Performance Incentive Plan, previously filed as Exhibit 10.26 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.27	2002 Certegy Inc. Annual Incentive Plan, previously filed as Exhibit 10.27 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.28	Year 2001 Stock Option Exchange Program Terms and Conditions, previously filed as Exhibit 10.28 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.29	Certegy 2002 Bonus Deferral Program Terms and Conditions, previously filed as Exhibit 10.29 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.30	Certegy Excess Liability Insurance Plan for the Registrant's executive Officers, previously filed as Exhibit 10.30 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.31	Financial/Tax Planning Services Program for the Registrant's executive officers, previously filed as Exhibit 10.31 on Form 10-K filed March 25, 2002 (SEC File No. 001-16427) and incorporated by reference. (1)
10.32	Certegy Inc. Deferred Compensation Plan, previously filed as Exhibit 10.32 on Form 10-K filed February 14, 2003 (SEC File No. 001-16427) and incorporated by reference. (1)
10.33	Asset Purchase Agreement, dated December 5, 2002, between Down Acquisition Corporation and Netzee, Inc., previously filed as Exhibit 10.33 on Form 10-K filed February 14, 2003 (SEC File No. 001-16427) and incorporated by reference.
10.34	Revolving Credit Agreement, dated as of September 3, 2003, among Certegy Inc., the lenders from time to time party thereto, SunTrust Bank, as Administrative Agent, Wachovia Bank, National Association, as Syndication Agent, and Bank of America, N.A., as Documentation Agent, previously filed as Exhibit 10.34 on Form S-4 filed September 26, 2003 (SEC File No. 333-109156) and incorporated by reference.
10.35	Tier III Change in Control Agreement dated May 16, 2002. (1)
10.36	ICBA Bankcard, Inc. and Certegy Card Services, Inc. 2003 Renewal Service Agreement.
10.37	2004 Restated CSCU Card Processing Service Agreement
10.38	Certegy Inc. Special Supplemental Executive Retirement Plan, effective as of November 7, 2003. (1)
10.39	Certegy Inc. Supplemental Executive Retirement Plan, effective as of November 5, 2003. (1)
10.40	Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan Split Dollar Life Insurance Agreement, effective as of November 7, 2003. (1)

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<u>Exhibit No.</u>	<u>Description</u>
10.41	Trust Agreement for the Certegy Inc. Deferred Compensation Plan between Certegy Inc. and SunTrust Bank dated March 4, 2003, previously filed as Exhibit 4.1 on Form S-8 filed February 18, 2003 (SEC File No. 333-103266) and incorporated by reference. (1)
10.42	Master Agreement for Operations Support Service between Certegy Inc. and International Business Machines Corporation dated June 29, 2001. (Document omits information pursuant to a Request for Confidential Treatment granted under Rule 24b-2 of the Securities Exchange Act of 1934.)
10.43	Master Agreement for Operations Support Services Transaction Document #03-01 (United States) between Certegy Inc. and International Business Machines Corporation dated March 5, 2003. (Document omits information pursuant to a Request for Confidential Treatment granted under Rule 24b-2 of the Securities Exchange Act of 1934.)
12.1	Statements re Computation of Ratios.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Auditors, to incorporation by reference.
23.2	Notice Regarding Consent of Arthur Andersen LLP.
31.1	Certification of Lee A. Kennedy, Chief Executive Officer of Certegy Inc., pursuant to rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Michael T. Vollkommer, Chief Financial Officer of Certegy Inc., pursuant to rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Lee A. Kennedy, Chief Executive Officer of Certegy Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Michael T. Vollkommer, Chief Financial Officer of Certegy Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Non-GAAP Consolidated Statement of Income for the Year Ended December 31, 2001.

(1) Management Contract or Compensatory Plan.

(b) Reports filed on Form 8-K:

During the fourth quarter of 2003, the Company filed the following report on Form 8-K:

1. On October 23, 2003, the Registrant furnished to the Commission pursuant to Item 12 of Form 8-K its press release announcing the Company's financial results for the third quarter of 2003.

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.

Date: February 5, 2004

CERTEGY INC.

By: /s/ LEE A. KENNEDY

Lee A. Kennedy
Chairman, President and Chief Executive Officer

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: February 5, 2004

By: /s/ LEE A. KENNEDY

Lee A. Kennedy
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Date: February 5, 2004

By: /s/ MICHAEL T. VOLLKOMMER

Michael T. Vollkommer
Corporate Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: February 5, 2004

By: /s/ PAMELA A. TEFFT

Pamela A. Tefft
Corporate Vice President and Controller
(Principal Accounting Officer)

Date: February 5, 2004

By: /s/ RICHARD N. CHILD

Richard N. Child, Director

Date: February 5, 2004

By: /s/ CHARLES T. DOYLE

Charles T. Doyle, Director

Date: February 5, 2004

By: /s/ KEITH W. HUGHES

Keith W. Hughes, Director

Date: February 5, 2004

By: /s/ DAVID K. HUNT

David K. Hunt, Director

Date: February 5, 2004

By: /s/ PHILLIP B. LASSITER

Phillip B. Lassiter, Director

Date: February 5, 2004

By: /s/ KATHY BRITTAI WHITE

Kathy Brittain White, Director

CERTEGY INC.
FORM 10-K
INDEX TO EXHIBITS

The following documents are being filed with this Report:

<u>Exhibit No.</u>	<u>Description</u>
3.2(a)	Amended and Restated Bylaws of Certegy Inc. dated February 5, 2004.
10.11(a)	Amended Tier I Change in Control Agreement revised May 16, 2002. (1)
10.12(a)	Amended Tier II Change in Control Agreement revised May 16, 2002. (1)
10.15(a)	Grantor Trust Agreement, as originally effective July 8, 2001, and amended and restated effective December 5, 2003, between Certegy Inc. and Wachovia Bank, N.A.
10.35	Tier III Change in Control Agreement dated May 16, 2002. (1)
10.36	ICBA Bankcard, Inc. and Certegy Card Services, Inc. 2003 Renewal Service Agreement.
10.37	2004 Restated CSCU Card Processing Service Agreement.
10.38	Certegy Inc. Special Supplemental Executive Retirement Plan, effective as of November 7, 2003. (1)
10.39	Certegy Inc. Supplemental Executive Retirement Plan, effective as of November 5, 2003. (1)
10.40	Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan Split Dollar Life Insurance Agreement, effective as of November 7, 2003. (1)
10.42	Master Agreement for Operations Support Service between Certegy Inc. and International Business Machines Corporation dated June 29, 2001. (Document omits information pursuant to a Request for Confidential Treatment granted under Rule 24b-2 of the Securities Exchange Act of 1934.)
10.43	Master Agreement for Operations Support Services Transaction Document #03-01 (United States) between Certegy Inc. and International Business Machines Corporation dated March 5, 2003. (Document omits information pursuant to a Request for Confidential Treatment granted under Rule 24b-2 of the Securities Exchange Act of 1934.)
12.1	Statements re Computation of Ratios.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Auditors, to incorporation by reference.
23.2	Notice Regarding Consent of Arthur Andersen LLP.
31.1	Certification of Lee A. Kennedy, Chief Executive Officer of Certegy Inc., pursuant to rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Michael T. Vollkommer, Chief Financial Officer of Certegy Inc., pursuant to rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Lee A. Kennedy, Chief Executive Officer of Certegy Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Michael T. Vollkommer, Chief Financial Officer of Certegy Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Non-GAAP Consolidated Statement of Income for the Year Ended December 31, 2001.

(1) Management Contract or Compensatory Plan.

**CERTEGY INC.
AMENDED AND RESTATED
BYLAWS**

Effective as of February 5, 2004

CERTGEY INC.

**AMENDED AND RESTATED
BYLAWS**

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**AMENDED AND RESTATED BYLAWS
OF
CERTEGY INC.**

**ARTICLE ONE
MEETINGS OF THE SHAREHOLDERS**

Section 1.1 Annual Meeting. The annual meeting of the Shareholders of the Company (the “Annual Meeting”) shall be held during the first five months after the end of each fiscal year of the Company at such time and place, within or without the State of Georgia, as shall be fixed by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may be properly brought before the meeting.

Section 1.2 Special Meetings. Special meetings of the Shareholders may be held at the principal office of the Company in the State of Georgia or at such other place, within or without the State of Georgia, as may be named in the call therefor. Such special meetings may be called by the Chairman of the Board of Directors, the Vice Chairman, the Chief Executive Officer, the President, the Board of Directors by vote at a meeting, a majority of the Directors in writing without a meeting, or by unanimous call of the Shareholders.

Section 1.3 Notice of Meetings. Unless waived in accordance with the Georgia Business Corporation Code as amended from time to time (the “Code”), a notice of each meeting of Shareholders stating the date, time and place of the meeting shall be given not less than 10 days nor more than 60 days before the date thereof to each Shareholder entitled to vote at that meeting. In the case of an Annual Meeting, the notice need not state the purpose or purposes of the meeting unless the Articles of Incorporation or the Code requires the purpose or purposes to be stated in the notice of the meeting. Any irregularity in such notice shall not affect the validity of the Annual Meeting or any action taken at such meeting. In the case of a special meeting of the Shareholders, the notice of meeting shall state the purpose or purposes for which the meeting is called, and only business within the purpose or purposes described in such notice may be conducted at the meeting.

Section 1.4 Voting Groups. “Voting group” as used in these Bylaws means all shares of one or more classes or series that are entitled to vote and be counted together collectively on a matter at a meeting of Shareholders. All shares entitled to vote generally on the matter are for that purpose a single voting group.

Section 1.5 Quorum. With respect to shares entitled to vote as a separate voting group on a matter at a meeting of Shareholders, the presence, in person or by proxy, of a majority of the votes entitled to be cast on the matter by the voting group shall constitute a quorum of that voting group for action on that matter unless the Articles of Incorporation or the Code provides otherwise. Once a share is represented for any purpose at a meeting, other than solely to object to holding the meeting or to transacting business at the meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting unless a new record date is or must be set for the adjourned meeting pursuant to Section 1.11 of these Bylaws.

Section 1.6 Vote Required for Action. If a quorum exists, action on a matter (other than the election of Directors) is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation, provisions of these Bylaws validly adopted by the Shareholders, or the Code requires a greater number of affirmative votes. If the Articles of Incorporation or the Code provide for voting by two or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately.

Section 1.7 Adjournments. Whether or not a quorum is present to organize a meeting, any meeting of Shareholders (including an adjourned meeting) may be adjourned by the holders of a majority of the voting shares represented at the meeting to reconvene at a specific time and place, but no later than 120 days after the date fixed for the original meeting unless the requirements of the Code concerning the selection of a new record date have been met.

Section 1.8 Presiding Officer. The Chairman of the Board shall call the meeting of the Shareholders to order and shall act as chairman of such meeting. In the absence of the Chairman of the Board, the meeting shall be called to order by any one of the following officers then present, in the following order: any Vice Chairman of the Board, the Chief Executive Officer, the President, the senior Executive Vice President, the next senior Executive Vice President, or any one of the Vice Presidents, who shall act as chairman of the meeting. The Secretary of the Company shall act as secretary of the meeting of the Shareholders. In the absence of the Secretary, at any meeting of the Shareholders, the presiding officer may appoint any person to act as secretary of the meeting.

Section 1.9 Voting of Shares. Unless the Articles of Incorporation or the Code provides otherwise, each outstanding share having voting rights shall be entitled to one vote on each matter submitted to a vote at a meeting of Shareholders.

Section 1.10 Proxies. A Shareholder entitled to vote pursuant to Section 1.9 may vote in person or by proxy pursuant to an appointment of proxy executed by the Shareholder either in writing or pursuant to an electronic or telephonic transmission, provided that the transmission contains or is accompanied by information from which it can be determined that the Shareholder authorized the transmission. An appointment of proxy shall be valid for only one meeting to be specified therein, and any adjournments of such meeting, but shall not be valid for more than eleven months unless expressly provided therein. Appointments of proxy shall be dated and filed with the records of the meeting to which they relate. If the validity of any appointment of proxy is questioned, it must be submitted for examination to the Secretary of the Company or to a proxy officer or committee appointed by the Board of Directors. The Secretary or, if appointed, the proxy officer or committee shall determine the validity or invalidity of any appointment of proxy submitted, and reference by the Secretary in the minutes of the meeting to the regularity of an appointment of proxy shall be received as prima facie evidence of the facts stated for the purpose of establishing the presence of a quorum at the meeting and for all other purposes.

Section 1.11 Record Date. For the purpose of determining Shareholders entitled to notice of a meeting of the Shareholders, to demand a special meeting, to vote, or to take any other action, the Board of Directors may fix a future date as the record date, which date shall be

not more than 70 days prior to the date on which the particular action, requiring a determination of the Shareholders, is to be taken. A determination of the Shareholders entitled to notice of or to vote at a meeting of the Shareholders is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting. If no record date is fixed by the Board of Directors, the 70th day preceding the date on which the particular action, requiring a determination of the Shareholders, is to be taken shall be the record date for that purpose.

Section 1.12 Shareholder Proposals and Nominations.

(a) No proposal for a Shareholder vote shall be submitted by a Shareholder (a "Shareholder Proposal") to the Company's Shareholders unless the Shareholder submitting such proposal (the "Proponent") shall have filed a written notice setting forth with particularity (i) the names and business addresses of the Proponent and all natural persons, corporations, partnerships, trusts or any other type of legal entity or recognized ownership vehicle (collectively, a "Person") acting in concert with the Proponent; (ii) the name and address of the Proponent and the Persons identified in clause (i), as they appear on the Company's books (if they so appear); (iii) the class and number of shares of the Company beneficially owned by the Proponent and by each Person identified in clause (i); (iv) a description of the Shareholder Proposal containing all material information relating thereto; (v) for proposals sought to be included in the Company's proxy statement, any other information required by Securities and Exchange Commission Rule 14a-8; and (vi) such other information as the Board of Directors reasonably determines is necessary or appropriate to enable the Board of Directors and Shareholders of the Company to consider the Shareholder Proposal. The presiding officer at any meeting of the Shareholders may determine that any Shareholder Proposal was not made in accordance with the procedures prescribed in these Bylaws or is otherwise not in accordance with law, and if it is so determined, such officer shall so declare at the meeting and the Shareholder Proposal shall be disregarded.

(b) Only persons who are selected and recommended by the Board of Directors or the committee of the Board of Directors designated to make nominations, or who are nominated by Shareholders in accordance with the procedures set forth in this Section 1.12, shall be eligible for election, or qualified to serve, as Directors. Nominations of individuals for election to the Board of Directors of the Company at any Annual Meeting or any special meeting of Shareholders at which Directors are to be elected may be made by any Shareholder of the Company entitled to vote for the election of Directors at that meeting by compliance with the procedures set forth in this Section 1.12. Nominations by Shareholders shall be made by written notice (a "Nomination Notice"), which shall set forth (i) as to each individual nominated, (A) the name, date of birth, business address and residence address of such individual; (B) the business experience during the past five years of such nominee, including his or her principal occupations and employment during such period, the name and

principal business of any corporation or other organization in which such occupations and employment were carried on, and such other information as to the nature of his or her responsibilities and level of professional competence as may be sufficient to permit assessment of such prior business experience; (C) whether the nominee is or has ever been at any time a director, officer or owner of five percent or more of any class of capital stock, partnership interests or other equity interest of any corporation, partnership or other entity; (D) any directorships held by such nominee in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or subject to the requirements of Section 15(d) of such Act or any company registered as an investment company under the Investment Company Act of 1940, as amended; (E) whether such nominee has ever been convicted in a criminal proceeding or has ever been subject to a judgment, order, finding or decree of any federal, state or other governmental entity, concerning any violation of federal, state or other law, or any proceeding in bankruptcy, which conviction, order, finding, decree or proceeding may be material to an evaluation of the ability or integrity of the nominee; and (F) all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of Directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934 as amended; and (ii) as to the Person submitting the Nomination Notice and any Person acting in concert with such Person, (X) the name and business address of such Person, (Y) the name and address of such Person as they appear on the Company's books (if they so appear), and (Z) the class and number of shares of the Company that are beneficially owned by such Person. A written consent to being named in a proxy statement as a nominee, and to serve as a Director if elected, signed by the nominee, shall be filed with any Nomination Notice, together with evidence satisfactory to the Company that such nominee has no interests that would limit his or her ability to fulfill his or her duties of office. If the presiding officer at any meeting of the Shareholders determines that a nomination was not made in accordance with the procedures prescribed by these Bylaws, such officer shall so declare to the meeting and the defective nomination shall be disregarded.

(c) If a Shareholder Proposal or Nomination Notice is to be submitted at an Annual Meeting of the Shareholders, it shall be delivered to and received by the Secretary of the Company at the principal executive office of the Company at least 120 days before the first anniversary of the date that the Company's proxy statement was released to Shareholders in connection with the previous year's Annual Meeting of Shareholders. However, if no Annual Meeting of the Shareholders was held in the previous year or if the date of the Annual Meeting of the Shareholders has been changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, the notice shall be delivered to and received by the Secretary at the principal executive offices of the Company not later than the last to occur of (i) the date that is 150 days prior to the date of the contemplated Annual Meeting or (ii) the date that is 10 days after the date of the first public announcement or other notification to the Shareholders of the date of the contemplated Annual Meeting. Subject to Section 1.3 as to

matters that may be acted upon at a special meeting of the Shareholders, if a Shareholder Proposal or Nomination Notice is to be submitted at a special meeting of the Shareholders, it shall be delivered to the Secretary of the Company at the principal executive office of the Company no later than the close of business on the earlier of (i) the 30th day following the public announcement that a matter will be submitted to a vote of the Shareholders at a special meeting, or (ii) the 10th day following the day on which notice of the special meeting was given. In addition, if a Shareholder intends to solicit proxies from the Shareholders of the Company for any meeting of the Shareholders, such Shareholder shall notify the Company of this intent in accordance with Securities and Exchange Commission Rule 14a-4.

ARTICLE TWO BOARD OF DIRECTORS

Section 2.1 General. Subject to the Articles of Incorporation, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board of Directors. In addition to the powers and authority expressly conferred upon it by these Bylaws and the Articles of Incorporation, the Board of Directors may exercise all such lawful acts and things as are not by law, by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the Shareholders.

Section 2.2 Number of Directors and Term of Office. The number of Directors shall be not less than five, nor more than fifteen and shall be fixed within such range by the Board of Directors. The Directors shall be divided into three classes, designated as Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of Directors constituting the entire Board of Directors. Each initial Director in Class I shall hold office for a term that expires at the first Annual Meeting of the Shareholders after his election; each initial Director in Class II shall hold office for a term that expires at the second Annual Meeting of the Shareholders after his election; and each initial Director in Class III shall hold office for a term that expires at the third Annual Meeting of the Shareholders after his election. At each Annual Meeting of the Shareholders, successors to the class of Directors whose term expires at that Annual Meeting of the Shareholders shall be elected for a three-year term. If the number of Directors has changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible. Any additional Director of any class elected by the Shareholders to the Board of Directors to fill a vacancy resulting from an increase in such a class shall hold office for a term that shall coincide with the remaining term of that class. Any additional Director of any class elected by the Board of Directors to fill a vacancy resulting from an increase in such a class shall hold office for a term that shall expire at the next Annual Meeting of the Shareholders, and, if such newly-created directorship is to be continued, a nominee therefor shall be submitted to the Shareholders for their vote. In no case shall a decrease in the number of Directors for a class shorten the term of an incumbent Director. A Director shall hold office until the Annual Meeting of the Shareholders for the year in which such Director's term expires and until his or her successor shall be elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Section 2.3 Election of Directors. Unless otherwise provided in the Articles of Incorporation or the Code, Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting of Shareholders at which a quorum is present.

Section 2.4 Vacancies. Any vacancy on the Board of Directors that results from an increase in the number of Directors or from prior death, resignation, retirement, disqualification or removal from office of a Director shall be filled by a majority of the Board of Directors then in office, though less than a quorum, or by the sole remaining Director. Any Director elected to fill a vacancy resulting from prior death, resignation, retirement, disqualification or removal from office of a director, shall have the same remaining term as that of his or her predecessor.

Section 2.5 Regular Meetings. Regular meetings of the Board of Directors shall be held at such times as the Board of Directors may determine from time to time.

Section 2.6 Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the direction of the Chairman of the Board or in his or her absence, any Vice Chairman, or by the Chief Executive Officer. Special meetings of the Board may also be called by one-third of the Directors then in office. Unless otherwise indicated in the notice thereof, any and all business of the Company may be transacted at any special meeting of the Board of Directors.

Section 2.7 Notice of Meetings. Unless waived in accordance with the Code, notice of each regular or special meeting of the Board of Directors, stating the date, time and place of the meeting, shall be given not less than two days before the date thereof to each Director.

Section 2.8 Quorum; Adjournments. Unless the Code, the Articles of Incorporation or these Bylaws provide for a different number, a majority of the Board of Directors shall constitute a quorum for the transaction of business. Whether or not a quorum is present to organize a meeting, any meeting of Directors (including a reconvened meeting) may be adjourned by a majority of the Directors present, to reconvene at a specific time and place. At any adjourned meeting, any business may be transacted that could have been transacted at the meeting prior to adjournment. If notice of the original meeting was properly given, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted if the date, time and place of the adjourned meeting are announced at the meeting prior to adjournment.

Section 2.9 Vote Required for Action. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board of Directors unless the Code, the Articles of Incorporation, or these Bylaws provide for the vote of a different number of Directors or of specific Directors.

Section 2.10 Action by Directors Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or any action that may be taken at a meeting of a committee of the Board of Directors may be taken without a meeting if the action is taken by all the members of the Board of Directors or of the committee, as the case may be. The action must be evidenced by one or more written consents describing the action taken, signed by each Director or each Director serving on the committee, as the case may be, and delivered to the Company for inclusion in the minutes or filing with the corporate records.

Section 2.11 Compensation of Directors. Directors who are salaried officers or employees of the Company shall receive no additional compensation for service as a Director or as a member of a committee of the Board of Directors. Each Director who is not a salaried officer or employee of the Company shall be compensated as determined by the Board of Directors. A Director may also serve the Company in a capacity other than that of Director or employee and receive compensation, as determined by the Board of Directors, for services rendered in any other capacity.

ARTICLE THREE ELECTIONS OF OFFICERS AND COMMITTEES

Section 3.1 Election of Officers. At the April meeting of the Board of Directors in each year, or, if not done at that time, then at any subsequent meeting, the Board of Directors shall proceed to the election of executive officers of the Company.

Section 3.2 Committees. The Board of Directors is authorized and empowered to appoint from its own body or from the officers of the Company, or both, such other committees as it may think best, and may delegate to or confer upon such committees all or such part of its powers except as prohibited by the Code, and may prescribe the exercise thereof as it may deem proper.

ARTICLE FOUR OFFICERS

Section 4.1 Officers; Term Limits. The officers of the Company, unless otherwise provided by the Board of Directors from time to time, shall consist of the following: a Chairman of the Board, a Chief Executive Officer, a President, a Chief Operating Officer, one or more Vice Presidents (one or more of whom may be designated Executive Vice President, one or more of whom may be designated Corporate Vice President and one or more of whom may be designated Senior Vice President), a Treasurer, and a Secretary, who shall be elected by the Board of Directors. The Board of Directors may from time to time elect a Vice Chairman of the Board. The Board of Directors, or any officer to whom the Board may delegate such authority, may also appoint such other officers as it or they may see fit, and may prescribe their respective duties. All officers, however elected or appointed, may be removed with or without cause by the Board of Directors, and any officer appointed by another officer may also be removed, with or without cause, by the appointing officer or any officer senior to the appointing officer. Any two or more of the offices may be filled by the same person. No person shall serve as Chairman of the Board and Chief Executive Officer (or either), beyond his or her 65th birthday.

Section 4.2 Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Shareholders and the Board of Directors. Except where by law the signature of the Chief Executive Officer or President is required, the Chairman of the Board shall have the same power as the Chief Executive Officer or President to sign all authorized certificates, contracts, bonds, deeds, mortgages, and other instruments. The Chairman of the Board shall have such other powers and duties as from time to time may be assigned by the Board of Directors.

Section 4.3 Vice Chairman of the Board. It shall be the duty of the Vice Chairman of the Board, in the absence of the Chairman of the Board, to preside at meetings of the Shareholders and the Board of Directors. The Vice Chairman shall do and perform all acts incident to the office of Vice Chairman, subject to the approval and direction of the Board of Directors.

Section 4.4 Chief Executive Officer. The Chief Executive Officer shall direct the business and policies of the Company and shall have such other powers and duties as from time to time may be assigned by the Board of Directors. In the event of a vacancy in the offices of Chairman and Vice Chairman of the Board or during the absence or disability of the Chairman and any Vice Chairman, the Chief Executive Officer shall have all of the rights, powers and authority given hereunder to the Chairman of the Board. The Chief Executive Officer, in the absence of the Chairman and any Vice Chairman of the Board, shall preside at meetings of the Shareholders and the Board of Directors. The Chief Executive Officer may sign all authorized certificates, contracts, bonds, deeds, mortgages and other instruments, except in cases in which the signing thereof shall have been expressly and exclusively delegated to some other officer or agent of the Company. In general, the Chief Executive Officer shall have the usual powers and duties incident to the office of a Chief Executive Officer of a corporation and such other powers and duties as from time to time may be assigned by the Board of Directors or a committee thereof.

Section 4.5 President. The President shall have general charge of the business of the Company subject to the specific direction and approval of the Board of Directors. If the Chairman or Vice Chairman of the Board is not designated Chief Executive Officer by the Board of Directors, the President shall also serve as Chief Executive Officer of the Company if so designated by the Board of Directors. In the event of a vacancy in the office of Chief Executive Officer or during the absence or disability of the Chief Executive Officer, the President shall serve as Chief Executive Officer and shall have all of the rights, powers and authority given hereunder to the Chief Executive Officer. The President may sign all authorized certificates, contracts, bonds, deeds, mortgages and other instruments, except in cases in which the signing thereof shall have been expressly and exclusively delegated to some other officer or agent of the Company. In general, the President shall have the usual powers and duties incident to the office of a president of a corporation and such other powers and duties as from time to time may be assigned by the Board of Directors, a committee thereof, or the Chief Executive Officer.

Section 4.6 Chief Operating Officer. The Chief Operating Officer shall have responsibility for the day-to-day operations of the Company. The Chief Operating Officer may sign all authorized certificates, contracts, bonds, deeds, mortgages and other instruments, except in cases in which the signing thereof shall have been expressly and exclusively delegated to some other officer or agent of the Company. In general, the Chief Operating Officer shall have the usual powers and duties incident to the office of a Chief Operating Officer of a corporation and such other powers and duties as from time to time may be assigned by the Board of Directors, a committee thereof, the Chief Executive Officer or the President.

Section 4.7 Executive Vice Presidents. Each shall have authority, on behalf of the Company, to execute, approve, or accept agreements for service, bids, or other contracts, and shall sign such other instruments as each is authorized or directed to sign by the Board of

Directors or a committee thereof or by the Chief Executive Officer or the President. Each shall do and perform all acts incident to the office of the Executive Vice President of the Company or as may be directed by its Board of Directors or its committees or the Chief Executive Officer or the President.

Section 4.8 Vice Presidents. There shall be one or more Vice Presidents of the Company, as the Board of Directors may from time to time elect. Each Vice President shall have such power and perform such duties as may be assigned by or under the authority of the Board of Directors.

Section 4.9 Treasurer. The Treasurer shall be responsible for the custody of all funds and securities belonging to the Company and for the receipt, deposit or disbursement of funds and securities under the direction of the Board of Directors. The Treasurer shall cause to be maintained full and true accounts of all receipts and disbursements and shall make reports of the same to the Board of Directors, its committees, the Chief Executive Officer, and the President upon request. The Treasurer shall perform all duties as may be assigned from time to time by or under the authority of the Board of Directors.

Section 4.10 Secretary. The Secretary shall be responsible for preparing minutes of the acts and proceedings of all meetings of the Shareholders and of the Board of Directors and any committees thereof. The Secretary shall have authority to give all notices required by law or these Bylaws, and shall be responsible for the custody of the corporate books, records, contracts and other documents. The Secretary may affix the corporate seal to any lawfully executed documents and shall sign any instruments as may require the Secretary's signature. The Secretary shall authenticate records of the Company and shall perform whatever additional duties and have whatever additional powers as may be assigned by or under the authority of the Board of Directors from time to time. In the absence or disability of the Secretary or at the direction of the Chief Executive Officer, the President or the Secretary, any Assistant Secretary may perform the duties and exercise the powers of the Secretary.

Section 4.11 Voting of Stock. Unless otherwise ordered by the Board of Directors, the Chairman of the Board, any Vice Chairman, the Chief Executive Officer, the President or any Executive Vice President of the Company shall have full power and authority in behalf of the Company to attend and to act and to vote at any meetings of shareholders of any corporation in which the Company may hold stock, and at such meetings may possess and shall exercise any and all rights and powers incident to the ownership of such stock exercisable at such meetings. The Board of Directors, by resolution from time to time, may confer like powers upon any other person or persons.

**ARTICLE FIVE
INDEMNIFICATION**

Section 5.1 Definitions. As used in this Article, the term:

- (a) “Company” includes any domestic or foreign predecessor entity of the Company in a merger or other transaction in which the predecessor’s existence ceased upon consummation of the transaction.
- (b) “Director” or “Officer” means an individual who is or was a member of the Board of Directors or an officer elected by the Board of Directors, respectively, or who, while a member of the Board of Directors or an officer of the Company, is or was serving at the Company’s request as a director, officer, partner, trustee, employee, or agent of another domestic or foreign corporation, partnership, joint venture, trust, employee benefit plan, or other entity. An individual is considered to be serving an employee benefit plan at the Company’s request if his or her duties to the Company also impose duties on, or otherwise involve services by, the individual to the plan or to participants in or beneficiaries of the plan. “Director” or “Officer” includes, unless the context otherwise requires, the estate or personal representative of a Director or Officer.
- (c) “Disinterested Director” or “Disinterested Officer” means a Director or Officer, respectively, who at the time of an evaluation referred to in subsection 5.5(b) is not:
 - (1) A Party to the Proceeding; or
 - (2) An individual having a familial, financial, professional, or employment relationship with the person whose advance for Expenses is the subject of the decision being made with respect to the Proceeding, which relationship would, in the circumstances, reasonably be expected to exert an influence on the Director’s or Officer’s judgment when voting on the decision being made.
- (d) “Expenses” includes counsel fees.
- (e) “Liability” means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), and reasonable Expenses incurred with respect to a Proceeding.
- (f) “Party” includes an individual who was, is, or is threatened to be made a named defendant or respondent in a Proceeding.
- (g) “Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitral or investigative and whether formal or informal.

(h) "Reviewing Party" shall mean the person or persons making the determination as to reasonableness of Expenses pursuant to Section 5.5 of this Article, and shall not include a court making any determination under this Article or otherwise.

Section 5.2 Basic Indemnification Arrangement.

(a) The Company shall indemnify an individual who is a Party to a Proceeding because he or she is or was a Director or Officer against Liability incurred in the Proceeding; provided, however, that the Company shall not indemnify a Director or Officer under this Article for any Liability incurred in a Proceeding in which the Director or Officer is adjudged liable to the Company or is subjected to injunctive relief in favor of the Company:

- (1) For any appropriation, in violation of his or her duties, of any business opportunity of the Company;
- (2) For acts or omissions which involve intentional misconduct or a knowing violation of law;
- (3) For the types of liability set forth in Section 14-2-832 of the Code; or
- (4) For any transaction from which he or she received an improper personal benefit.

(b) If any person is entitled under any provision of this Article to indemnification by the Company for some portion of Liability incurred, but not the total amount thereof, the Company shall indemnify such person for the portion of such Liability to which such person is entitled.

Section 5.3 Advances for Expenses.

(a) The Company shall, before final disposition of a Proceeding, advance funds to pay for or reimburse the reasonable Expenses incurred by a Director or Officer who is a Party to a Proceeding because he or she is a Director or Officer if he or she delivers to the Company:

- (1) A written affirmation of his or her good faith belief that his or her conduct does not constitute behavior of the kind described in subsection 5.2(a) above; and
- (2) His or her written undertaking (meeting the qualifications set forth below in subsection 5.3(b)) to repay any funds advanced if it is ultimately determined that he or she is not entitled to indemnification under this Article or the Code.

(b) The undertaking required by subsection 5.3(a)(2) above must be an unlimited general obligation of the proposed indemnitee but need not be secured and shall be accepted without reference to the financial ability of the proposed indemnitee to make repayment. If a Director or Officer seeks to enforce his or her rights to indemnification in a court pursuant to Section 5.4 below, such undertaking to repay shall not be applicable or enforceable unless and until there is a final court determination that he or she is not entitled to indemnification, as to which all rights of appeal have been exhausted or have expired.

Section 5.4 Court-Ordered Indemnification and Advances for Expenses. A Director or Officer who is a Party to a Proceeding shall have the rights to court-ordered indemnification and advances for expenses as provided in the Code.

Section 5.5 Determination of Reasonableness of Expenses.

(a) The Company acknowledges that indemnification of, and advance expenses to, a Director or Officer under Section 5.2 has been pre-authorized by the Company as permitted by Section 14-2-859(a) of the Code, and that pursuant to the authority exercised under Section 14-2-856 of the Code, no determination need be made for a specific Proceeding that such indemnification of or advances of expenses to the Director or Officer is permissible in the circumstances because he or she has met a particular standard of conduct. Nevertheless, except as set forth in subsection 5.5(b) below, evaluation as to reasonableness of Expenses of a Director or Officer for a specific Proceeding shall be made as follows:

(1) If there are two or more Disinterested Directors, by the Board of Directors of the Company by a majority vote of all Disinterested Directors (a majority of whom shall for such purpose constitute a quorum) or by a majority of the members of a committee of two or more Disinterested Directors appointed by such a vote; or

(2) If there are fewer than two Disinterested Directors, by the Board of Directors (in which determination Directors who do not qualify as Disinterested Directors may participate); or

(3) By the Shareholders, but shares owned by or voted under the control of a Director or Officer who at the time does not qualify as a Disinterested Director or Disinterested Officer may not be voted on the determination.

(b) Notwithstanding the requirement under subsection 5.5(a) that the Reviewing Party evaluate the reasonableness of Expenses claimed by the proposed indemnitee, any Expenses claimed by the proposed indemnitee shall be deemed reasonable if the Reviewing Party fails to make the evaluation required by subsection 5.5(a) within sixty (60) days following the later of:

(1) The Company's receipt of the affirmative undertaking required by Section 5.3(a); or

(2) The Company's receipt of invoices for specific Expenses to be reimbursed or advanced.

Section 5.6 Indemnification of Employees and Agents. The Company may indemnify and advance Expenses under this Article to an employee or agent of the Company who is not a Director or Officer to the same extent and subject to the same conditions that a Georgia corporation could, without shareholder approval under Section 14-2-856 of the Code, indemnify and advance Expenses to a Director, or to any lesser extent (or greater extent if permitted by law) determined by the Board of Directors or Chief Executive Officer, in each case consistent with public policy.

Section 5.7 Liability Insurance. The Company may purchase and maintain insurance on behalf of an individual who is a Director, Officer, employee or agent of the Company or who, while a Director, Officer, employee or agent of the Company, serves at the Company's request as a director, officer, partner, trustee, employee or agent of another domestic or foreign corporation, partnership, joint venture, trust, employee benefit plan, or other entity against Liability asserted against or incurred by him or her in that capacity or arising from his or her status as a Director, Officer, employee, or agent, whether or not the corporation would have power to indemnify or advance Expenses to him or her against the same Liability under this Article or the Code.

Section 5.8 Witness Fees. Nothing in this Article shall limit the Company's power to pay or reimburse Expenses incurred by a person in connection with his or her appearance as a witness in a Proceeding at a time when he or she is not a Party.

Section 5.9 Report to Shareholders. To the extent and in the manner required by the Code from time to time, if the Company indemnifies or advances Expenses to a Director or Officer in connection with a Proceeding by or in the right of the Company, the Company shall report the indemnification or advance to the Shareholders.

Section 5.10 No Duplication of Payments; Nonexclusive. The Company shall not be liable under this Article to make any payment to a person hereunder to the extent such person has otherwise actually received payment (under any insurance policy, agreement or otherwise) of the amounts otherwise payable hereunder. The rights of a Director or Officer hereunder shall be in addition to any other rights with respect to indemnification, advancement of expenses or otherwise that he or she may have under contract or the Code or otherwise.

Section 5.11 Subrogation. In the event of payment under this Article, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

Section 5.12 Contract Rights. The right to indemnification and advancement of Expenses conferred hereunder to Directors and Officers shall be a contract right and shall not be affected adversely to any Director or Officer by any amendment of these Bylaws with respect to any action or inaction occurring prior to such amendment; provided, however, that this provision shall not confer upon any indemnitee or potential indemnitee (in his or her capacity as such) the right to consent or object to any subsequent amendment of these Bylaws.

Section 5.13 Amendments. It is the intent of the Company to indemnify and advance Expenses to its Directors and Officers to the full extent permitted by the Code, as amended from time to time. To the extent that the Code is hereafter amended to permit a Georgia business corporation to provide to its directors or officers greater rights to indemnification or advancement of Expenses than those specifically set forth hereinabove, this Article shall be deemed amended to require such greater indemnification or more liberal advancement of Expenses to the Company's Directors and Officers, in each case consistent with the Code as so amended from time to time. No amendment, modification or rescission of this Article, or any provision hereof, the effect of which would diminish the rights to indemnification or advancement of Expenses as set forth herein shall be effective as to any person with respect to any action taken or omitted by such person prior to such amendment, modification or rescission.

ARTICLE SIX CAPITAL STOCK

Section 6.1 Direct Registration of Shares. The Company may, with the Board of Directors' approval, participate in a direct registration system approved by the Securities and Exchange Commission and by the New York Stock Exchange or any securities exchange on which the stock of the Company may from time to time be traded, whereby shares of capital stock of the Company may be registered in the holder's name in uncertificated, book-entry form on the books of the Company.

Section 6.2 Certificates for Shares. Except for shares represented in book-entry form under a direct registration system contemplated in Section 6.1, the interest of each Shareholder in the Company shall be evidenced by a certificate or certificates representing shares of the Company which shall be in such form as the Board of Directors from time to time may adopt. Share certificates shall be numbered consecutively, shall be in registered form, shall indicate the date of issuance, the name of the Company and that it is organized under the laws of the State of Georgia, the name of the Shareholder, and the number and class of shares and the designation of the series, if any, represented by the certificate. Each certificate shall be signed by the Chairman of the Board, the President or other Chief Executive Officer or a Vice President and also by the Secretary or may be signed with the facsimile signatures of the Chairman of the Board, the President or other Chief Executive Officer or a Vice President and of the Secretary, and in all cases a stock certificate signed in facsimile must also be countersigned by the transfer agent for the stock. The corporate seal need not be affixed.

Section 6.3 Transfer of Shares. The Board of Directors shall have authority to appoint a transfer agent and/or a registrar for the shares of its capital stock, and to empower them or either of them in such manner and to such extent as it may deem best, and to remove such agent or agents from time to time, and to appoint another agent or other agents. Transfers of shares shall be made upon the transfer books of the Company, kept at the office of the transfer agent designated to transfer the shares, only upon direction of the registered owner, or by an attorney lawfully constituted in writing. With respect to certificated shares, before a new certificate is issued, the old certificate shall be surrendered for cancellation or, in the case of a certificate

alleged to have been lost, stolen, or destroyed, the requirements of Section 6.5 of these Bylaws shall have been met. Transfer of shares shall be in accordance with such reasonable rules and regulations as may be made from time to time by the Board of Directors.

Section 6.4 Duty of Company to Register Transfer. Notwithstanding any of the provisions of Section 6.3 of these Bylaws, the Company is under a duty to register the transfer of its shares only if:

- (a) the certificate or transfer instruction is endorsed by the appropriate person or persons; and
- (b) reasonable assurance is given that the endorsement or affidavit is genuine and effective; and
- (c) the Company either has no duty to inquire into adverse claims or has discharged that duty; and
- (d) the requirements of any applicable law relating to the collection of taxes have been met; and
- (e) the transfer in fact is rightful or is to a bona fide purchaser.

Section 6.5 Lost, Stolen or Destroyed Certificates. Any person claiming a share certificate to be lost, stolen or destroyed shall make an affidavit or affirmation of the fact in the manner required by the Company and, if the Company requires, shall give the Company a bond of indemnity in form and amount, and with one or more sureties satisfactory to the Company, as the Company may require, whereupon an appropriate new certificate may be issued in lieu of the one alleged to have been lost, stolen or destroyed.

Section 6.6 Authorization to Issue Shares and Regulations Regarding Transfer and Registration. The Board of Directors and any other committee of the Board of Directors so authorized by it shall have power and authority to issue shares of capital stock of the Company and to make all such rules and regulations as, respectively, they may deem expedient concerning the transfer and registration of shares of the capital stock of the Company.

ARTICLE SEVEN DISTRIBUTIONS AND DIVIDENDS

Section 7.1 Authorization or Declaration. Unless the Articles of Incorporation provide otherwise, the Board of Directors from time to time in its discretion may authorize or declare distributions or share dividends in accordance with the Code.

Section 7.2 Record Date with Regard to Distributions and Share Dividends. For the purpose of determining Shareholders entitled to a distribution (other than one involving a purchase, redemption, or other reacquisition of the Company's shares) or a share dividend, the Board of Directors may fix a date as the record date. If no record date is fixed by the Board of Directors, the record date shall be determined in accordance with the provisions of the Code.

**ARTICLE EIGHT
MISCELLANEOUS**

Section 8.1 Corporate Seal. The corporate seal of the Company shall be in such form as the Board of Directors may from time to time determine. If at any time it is inconvenient to use the corporate seal of the Company, the signature or name of the Company followed by or used in conjunction with the words “Corporate Seal” or “Seal” or words of similar import shall be deemed the seal of the Company.

Section 8.2 Inspection of Books and Records. The Board of Directors shall have power to determine which accounts, books and records of the Company shall be opened to the inspection of Shareholders, except those as may by law specifically be made open to inspection, and shall have power to fix reasonable rules and regulations not in conflict with the applicable law for the inspection of accounts, books and records which by law or by determination of the Board of Directors shall be open to inspection. Without the prior approval of the Board of Directors in its discretion, the right of inspection set forth in Section 14-2-1602(c) of the Code shall not be available to any Shareholder owning two percent or less of the shares outstanding.

Section 8.3 Conflict with Articles of Incorporation or Code. To the extent that any provision of these Bylaws conflicts with any provision of the Articles of Incorporation, such provision of the Articles of Incorporation shall govern. To the extent that any provision of these Bylaws conflicts with any non-discretionary provision of the Code, such provision of the Code shall govern.

Section 8.4 Severability. In the event that any of the provisions of these Bylaws (including any provision within a single section, subsection, division or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions of these Bylaws shall remain enforceable to the fullest extent permitted by law.

**ARTICLE NINE
AMENDMENTS**

Section 9.1 Amendments. Subject, in each case, to the Articles of Incorporation:

- (a) the Board of Directors shall have power to alter, amend or repeal these Bylaws or adopt new Bylaws; and
- (b) any Bylaws adopted by the Board of Directors may be altered, amended or repealed, and new Bylaws may be adopted, by the Shareholders, as provided by the Code; and
- (c) Articles Ten and Eleven of these Bylaws shall be amended only in the manner provided by relevant provisions of the Code.

**ARTICLE TEN
FAIR PRICE REQUIREMENTS**

Section 10.1 Fair Price Requirements. All of the requirements of Article 11, Part 2, of the Code, included in Sections 14-2-1110 through 1113 (and any successor provisions thereto), shall be applicable to the Company in connection with any business combination, as defined therein, with any interested shareholder, as defined therein.

**ARTICLE ELEVEN
BUSINESS COMBINATIONS**

Section 11.1 Business Combinations. All of the requirements of Article 11, Part 3, of the Code, included in Sections 14-2-1131 through 1133 (and any successor provisions thereto), shall be applicable to the Company in connection with any business combination, as defined therein, with any interested shareholder, as defined therein.

[Date]

[Name]

[Title]

[Address]

Dear _____:

Certegy Inc. (the "Company") considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders. In this connection, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control exists and that possibility, and the uncertainty and questions that it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. Accordingly, the Board of Directors of the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company.

In order to induce you to remain in its employ, the Company agrees to provide you the payments and benefits described in this Letter (in lieu of any severance payments and benefits you would otherwise receive in accordance with the Company's severance pay practices) if your employment with the Company is terminated subsequent to a "Change in Control" of the Company (as defined in **paragraph 3**) under the circumstances described in **paragraph 4**.

1. No Right to Continued Employment. This Letter does not give you any right to continued employment by the Company or a Subsidiary, and it will not interfere in any way with the right the Company or a Subsidiary otherwise may have to terminate your employment at any time.

2. Term of this Letter. The terms of this Letter will be effective as of _____, 200_, and, except as otherwise provided in this Letter, will continue in effect until _____, 200_; provided that commencing on January 1, 200_ and each subsequent January 1, the terms of this Letter will be extended automatically so as to remain in effect for five (5) years from that January 1 unless at least sixty (60) days prior to January 1 of a given year, the Company notifies you that it does not wish to continue this Letter in effect beyond its then current expiration date; and provided further that if a Change in Control occurs prior to the expiration of this Letter, this Letter will continue in effect for three (3) years from the Change in Control.

3. **Change in Control.** No benefits will be payable under this Letter unless there is a Change in Control and your employment by the Company is terminated under the circumstances described in **paragraph 4** entitling you to benefits. For purposes of this Letter, a Change in Control of the Company means the occurrence of any of the following events during the period in which this Letter remains in effect:

3.1 **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 **subparagraph 3.1**, 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 (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 all of the provisions of **clauses (a), (b) and (c) of subparagraph 3.2**; or

3.2 **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, 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 (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

3.3 Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

3.4 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 (a), (b) and (c) of subparagraph 3.2**.

For purposes of this **paragraph 3**, 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 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).

“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.

4. Termination Following Change in Control. If any of the events described in **paragraph 3** constituting a Change in Control occurs, you will be entitled to the payments and benefits provided for in **paragraph 5** if your employment is terminated within six (6) months prior to the Change in Control in connection with the Change in Control or your employment is terminated within three (3) years following the date of the Change in Control, unless your termination is (a) because of your death, (b) by the Company for Cause or Disability, or (c) by you other than for Good Reason. The payments and benefits provided for in **paragraph 5** will be in lieu of any severance payments you would otherwise receive in accordance with the Company’s severance pay practices, but will have no effect on any of the Company’s other employee benefit plans or practices, as amended from time to time.

4.1 Cause. Termination by the Company of your employment for “Cause” means termination by the Company of your employment upon (a) your willful and continued failure to substantially perform your duties with the Company (other than any failure resulting from your incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the Chief Executive Officer of the Company (or if you are the Chief Executive Officer, the Chairman of the Compensation Committee of the Board of Directors) that specifically identifies the manner in which the Chief Executive Officer believes that you have not substantially performed your duties, or (b) your willfully engaging in misconduct that is materially injurious to the Company, monetarily or otherwise. For purposes of this **subparagraph 4.1**, no act, or failure to act, on your part will be considered “willful” unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the above, you will not be deemed to have been terminated for Cause unless and until you have been given a copy of a Notice of Termination from the Chief Executive Officer of the Company (or if you are the

Chief Executive Officer, the Chairman of the Compensation Committee of the Board of Directors), after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before (i) the Chief Executive Officer, or (ii) if you are 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, you committed the conduct set forth above in **clauses (a) or (b)** of this **subparagraph 4.1**, and specifying the particulars of that finding in detail.

4.2 Disability. Termination by the Company of your employment for “Disability” means termination by the Company of your employment following and because of your failure to perform your duties as an employee for a period of at least one hundred eighty (180) consecutive calendar days as a result of total and permanent incapacity due to physical or mental illness or injury. Your incapacity must be certified by a licensed medical doctor selected by you. You will continue to receive your full base salary at the rate in effect and any bonus payments under the Plan payable during the one hundred eighty (180) day qualification period until termination of your employment for Disability. After that termination, your benefits will be determined in accordance with the Company’s long-term disability plan then in effect and any of the Company’s other benefit plans and practices then in effect that apply to you. The Company will have no further obligation to you under this Letter and all supplemental benefits will be terminated. If the Company disagrees with the certification of your incapacity, it may appoint another medical doctor to certify his opinion as to your incapacity, and if that doctor does not certify as to your incapacity, then the two doctors will appoint a third medical doctor to certify their opinion as to your incapacity, and the decision of a majority of the three doctors will prevail. (The Company will bear the costs of the doctors opinions.)

4.3 Good Reason. Termination by you of your employment for “Good Reason” means termination by you of your employment based on:

(a) The assignment to you of duties inconsistent with your position and status with the Company as they existed immediately prior to the Change in Control Date (as defined below), or a substantial change in your title, offices or authority, or in the nature of your responsibilities, as they existed immediately prior to the Change in Control Date (or if you receive a promotion or an increase in responsibilities or authority

after the Change in Control Date, then a change with respect to your enhanced position, status, responsibilities or authority), except in connection with the termination of your employment for Cause or Disability or as a result of your death or by you other than for Good Reason;

(b) A reduction by the Company in your base salary as in effect on the date of this Letter or as your salary may be increased from time to time;

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

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

(e) The failure by the Company to continue in effect any retirement or compensation plan, supplemental retirement plan, performance share plan, stock option plan, life insurance plan, health and accident plan, disability plan or any other benefit plan in which you are participating immediately prior to the Change in Control Date (or provide plans providing you with substantially similar benefits), the taking of any action by the Company that would adversely affect your participation or materially reduce your benefits under any of those plans or deprive you of any material fringe benefit enjoyed by you immediately prior to the Change in Control Date, or the failure by the Company to provide you with the number of paid vacation days to

which you are then entitled in accordance with the Company's normal vacation practices in effect immediately prior to the Change in Control Date;

(f) The failure by the Company to obtain the assumption of the agreement to perform this Letter by any successor, as contemplated in **paragraph 6**; or

(g) Any purported termination of your employment that is not effected pursuant to a Notice of Termination satisfying the requirements of **subparagraph 4.4** (and, if applicable, **subparagraph 4.1**).

For purposes of this **subparagraph 4.3**, "Change in Control Date" means the date six months prior to the date of the Change in Control.

4.4 Notice of Termination. Any purported termination by the Company pursuant to **subparagraphs 4.1 or 4.2** or by you pursuant to **subparagraph 4.3** will be communicated by written Notice of Termination to the other party. For purposes of this Letter, a "Notice of Termination" means a notice that indicates the specific termination provision in this Letter relied upon and setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated. Any purported termination not effected pursuant to a Notice of Termination meeting the requirements set forth in this Letter will not be effective.

4.5 Date of Termination. For purposes of this Letter, the date of the termination of your employment ("Date of Termination") will be (a) if your employment is terminated by your death, the end of the month in which your death occurs, (b) if your employment is terminated for Disability, thirty (30) days after Notice of Termination is given, or (c) if your employment is terminated by you or the Company for any other reason, the date specified in the Notice of Termination, which will not be later than thirty (30) days after the date on which the Notice of Termination is given.

5. Benefits upon Certain Terminations following a Change in Control. If any of the events described in **paragraph 3** constituting a Change in Control occurs and your employment is terminated under the circumstances described in **paragraph 4** which entitle you to payments and benefits under this **paragraph 5**, then the provisions of **subparagraphs 5.1 through 5.6** will apply.

5.1 Compensation through Date of Termination. The Company will pay you (a) any unpaid amount of your base salary through the Date of Termination, (b) with respect to any year then completed, any unpaid amount accrued to you pursuant to the Incentive Plan, and (c) with respect to any year then partially completed, a pro rata portion through the Date of Termination of your target annual bonus under the Incentive Plan. For purposes of **item (c)** above, your “target annual bonus under the Incentive Plan” will be your annual base salary as of the Date of Termination multiplied by the target percentage of your bonus under the Incentive Plan.

5.2 Additional Severance. In lieu of any further salary payments to you for periods subsequent to the Date of Termination, the Company will pay as severance pay to you on the fifth (5th) business day following the Date of Termination a lump sum equal to three (3) times the sum of (a) your annual base salary at the highest rate in effect during the twelve (12) months immediately preceding the Date of Termination plus (b) the higher of (i) the highest annual bonus paid to you or paid but deferred on your behalf under the Incentive Plan, (ii) any earned, but unpaid, bonus accrued for your benefit under the Incentive Plan, or (iii) your highest target annual bonus under the Incentive Plan, whether or not earned, in each case with respect to the three (3) calendar years immediately preceding the year in which the Date of Termination occurs and the partial calendar year ending on the Date of Termination. For purposes of **item (iii)** above and **subparagraph 5.3**, the “highest target annual bonus under the Incentive Plan” for the partial calendar year ending on the Date of Termination will be your annual base salary as of the Date of Termination multiplied by the target percentage of your bonus under the Incentive Plan.

5.3 Additional Retirement Benefit. If you are a participant in the Certegy Inc. Pension Plan, the Company will pay you on the fifth (5th) business day following the Date of Termination a lump sum retirement benefit, in addition to the benefits to which you are or would be entitled under the Pension Plan. That benefit will be a lump sum amount that is the actuarial equivalent of your benefits calculated pursuant to the terms of the Pension Plan with the following adjustments: (a) regardless of your Years of Vesting Service under the Pension Plan, you will be treated as if you were 100% vested under the Pension Plan, (b) the number of Years of Benefit Service used will be (i) the

actual number of Years of Benefit Service accumulated as of the Date of Termination plus (ii) an additional number of Years of Benefit Service (up to a maximum of five (5) additional years) equal to the number of additional Years of Benefit Service that you would have earned if you had remained an employee of the Company until attainment of age sixty-two (62) (the "Additional Years of Benefit Service"), (c) the determination of the actuarial equivalent will be made using, as your age, your actual age on the Date of Termination plus an additional number of years equal to the Additional Years of Benefit Service, (d) the Final Average Annual Earnings (for purposes of applying the benefit formula under the Retirement Plan) will be determined based on a monthly compensation amount using (I) the highest monthly rate of Base Salary in effect during the twelve (12) months immediately preceding the Date of Termination, plus (II) the higher of (A) the highest annual bonus paid to you or paid but deferred on your behalf under the Incentive Plan, (B) any earned, but unpaid, bonus accrued for your benefit under the Incentive Plan, or (C) your highest target annual bonus under the Incentive Plan, whether or not earned, in each case with respect to the three (3) calendar years immediately preceding the Date of Termination and the partial calendar year ending on the Date of Termination, divided by twelve (12) (regardless of the earnings limitations under the Pension Plan or governmental regulations applicable to those plans), and (e) the monthly retirement benefit so calculated will be reduced by an amount equal to the monthly retirement benefit payable to you under the Pension Plan. All capitalized terms used in this subparagraph, unless otherwise defined, will have the same meanings as those terms are defined in the Retirement Plan. The actuarial equivalent will be calculated based on the assumptions contained in the Pension Plan on the Date of Termination; provided that the assumptions on which the actuarial equivalent will be calculated will be no less favorable to you than those assumptions contained in the Pension Plan on the date of the Change in Control.

5.4 Benefit Plans.

(a) Unless your employment is terminated for Cause, the Company will maintain in full force and effect, for your continued benefit for three (3) years after your Date of Termination (the "Benefit Continuation Period"), the group medical, dental and vision coverages (collectively, the "Health Coverages"), life insurance, disability and similar coverages in which you are entitled to participate immediately prior to the Date of Termination, including coverages for your dependents, at the same

levels available for active employees and in the same manner as if your employment had not terminated. You will be responsible for paying any costs you were paying for those coverages at the time of termination by separate check payable to the Company each month in advance, except that the Company will pay you an additional amount equal to your costs for the Health Coverages, including dependent coverage. If the terms of any benefit plan referred to in this **subparagraph 5.4(a)**, or the laws applicable to that plan, do not permit your continued participation, or if the benefit plan is no longer in place, then the Company will arrange for other coverages satisfactory to you at the Company's expense that provide substantially similar benefits, or the Company will pay you a lump sum amount, actuarially determined, equal to the costs of acquiring those coverage(s) for the Benefit Continuation Period.

(b) If you have satisfied the age and service requirements for receiving the Company's retiree medical coverage (the "Age and Service Requirements") on your Date of Termination, you (and your dependents) will be covered by, and receive benefits under, the Company's retiree medical coverage program for employees. The Company will pay you an additional amount for your costs for the coverage. The coverage will commence on the date your medical coverage under **subparagraph 5.4(a)** above terminates, and continue for your life and the life of your surviving spouse, if any, subject only to those changes in the level of coverage (but not complete elimination of the program) that apply to employees at your level generally. If you satisfy the Age and Service Requirements, but the terms of the retiree medical program or the laws applicable to the program do not permit your participation, or the retiree medical program is no longer in place or subsequently is terminated, then the Company will arrange for other coverage satisfactory to you at the Company's expense that provides substantially similar benefits for the remainder of your life and the life of your surviving spouse, if any.

(c) If you have not satisfied the Age and Service Requirements on your Date of Termination, but you would have satisfied those requirements (in accordance with the rules set forth in the following sentence) had you remained employed by the Company through the end of the Benefit Continuation Period, then the Company will arrange for other coverage satisfactory to you at the Company's expense that

provides substantially similar benefits as the coverage under the retiree medical program for the remainder of your life and the life of your surviving spouse, if any. For purposes of determining whether you would have satisfied the Age and Service Requirements had you remained employed by the Company through the end of the Benefit Continuation Period, (a) your age at the end of the Benefit Continuation Period will be deemed to be your actual age at the end of that period plus an additional number of years equal to the Additional Years of Benefit Service (as defined in **item (i) of clause (b) of subparagraph 5.3**), and (b) you will be credited additional years of service for the Benefit Continuation Period plus additional years of service equal to your Additional Years of Benefit Service.

(d) To the extent that any payments or benefits provided pursuant to **subparagraphs 5.4(a), (b) or (c)** are subject to income tax, the Company will provide a gross-up payment to you or the applicable recipient of the payments or benefits in order to place you or the applicable recipient in the same after-tax position had the payments or benefits not been subject to income tax.

(e) You will be entitled to continue to participate in the Certegy Inc. 401(k) Plan for the three-year period after your Date of Termination. For purposes of the 401(k) Plan, you will receive an amount equal to the Company's contributions to the 401(k) Plan, assuming you had made contributions to the 401(k) Plan at the maximum permissible level. If the Company cannot contribute those additional amounts to the 401(k) Plan on your behalf because of the terms of the 401(k) Plan or applicable law, the Company will pay to you within five (5) days of the Date of Termination a lump sum amount equal to the additional amounts the Company would have been required to contribute (based upon the terms of the 401(k) Plan as in effect on the Date of Termination).

5.5 No Mitigation Required. You will not be required to mitigate the amount of any payment or benefits provided for in this **paragraph 5** by seeking other employment or otherwise, nor will the amount of any payment or benefits provided for in this **paragraph 5** be reduced by any compensation earned by you, or benefits provided to you, as the result of employment by another employer after the Date of Termination, or otherwise.

5.6 Tax Gross-Up Payment. If any payments or benefits provided pursuant to this Letter or any other payments or benefits provided to you by the Company are subject to an excise tax on an “excess parachute payment” under Section 4999 of the Internal Revenue Code of 1986 (the “Code”), or any successor provision of the Code, or are subject to an excise or penalty tax under any similar provision of any other revenue system to which you may be subject, the Company will provide a gross-up payment to you in order to place you in the same after-tax position you would have been in had no excise or penalty tax become due and payable under Code Section 4999 (or any successor provision) or any similar provision of that other revenue system. Any gross-up payment to which you are entitled as a result of the applicability of an excise tax under Code Section 4999 or any successor provision of the Code, or as a result of any excise or penalty tax under any similar provision of any other revenue system to which you may be subject, will be determined in accordance with a “Policy with Respect to Tax Gross-up Payments” adopted, or which will be adopted, by the Board of Directors (or a Committee of the Board), and once that policy is adopted, no amendment of that policy that adversely affects you will be effective with respect to your rights under this Letter without your written consent.

6. Successors: Binding Agreement.

6.1 Assumption by Company’s Successor. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance reasonably satisfactory to you, to expressly assume and agree to perform this Letter. Failure of the Company to obtain that agreement prior to the effectiveness of any succession will be a breach of this Letter and will entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled under this Letter if you terminated your employment for Good Reason within three (3) years following a Change in Control, except that for purposes of implementing the foregoing, the date on which that succession becomes effective will be deemed the Date of Termination. As used in this Letter, “Company” means Certegy Inc. and any successor to its business and/or assets that executes and delivers the agreement provided for in this **subparagraph 6.1** or that otherwise becomes bound by all the terms and provisions of this Letter by operation of law.

6.2 Enforcement by Your Successor. This Letter will inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you die subsequent to the termination of your employment while any amount would still be payable to you pursuant to this Letter if you had continued to live, all those amounts, unless otherwise provided in this Letter, will be paid in accordance with the terms of this Letter to your devisee, legatee or other designee or, if there be no designee, to your estate; that payment to be made in a lump sum within sixty (60) days from the date of your death.

7. Notice. For purposes of this Letter, notices and all other communications provided for in this Letter will be in writing and will be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage pre-paid, addressed to the respective addresses set forth on the first page of this Letter, provided that all notices to the Company will be directed to the attention of the Chief Executive Officer of the Company (or if the notice is from the Chief Executive Officer, to the General Counsel of the Company), or to that other address as either party may have furnished to the other in writing in accordance with this **paragraph 7**, except that notice of change of address will be effective only upon receipt.

8. Modification and Waiver. No provision of this Letter may be modified, waived or discharged unless that waiver, modification or discharge is agreed to in writing by you and that officer as may be specifically designated by the Board of Directors of the Company. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Letter to be performed by that other party will be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time.

9. Construction. This Letter supersedes any oral agreement between you and the Company and any oral representation by the Company to you with respect to the subject matter of this Letter. The validity, interpretation, construction and performance of this Letter will be governed by the laws of the State of Georgia.

10. Severability. If any one or more of the provisions of this Letter or any word, phrase, clause, sentence or other portion of a provision is deemed illegal or unenforceable for any reason, that provision or portion will be modified or deleted in such a manner as to make this Letter as modified legal and enforceable to the fullest extent permitted under applicable laws. The validity and enforceability of the remaining provisions or portions of this Letter will remain in full force and effect.

11. Counterparts. This Letter may be executed in two or more counterparts, each of which will take effect as an original and all of which will evidence one and the same agreement.
12. Legal Fees. If the Company breaches this Letter or if, within three (3) years following a Change in Control, your employment is terminated under circumstances described in **paragraph 4** that entitle you to payments and benefits under **paragraph 5**, the Company will reimburse you for all legal fees and expenses reasonably incurred by you as a result of that termination (including all those fees and expenses, if any, incurred in contesting or disputing the termination or in seeking to obtain or enforce any right or benefit provided by this Letter). Upon presentation to the Company of the invoice for those legal fees and expenses, the Company will reimburse you monthly for those legal fees and expenses.
13. Indemnification. After your termination, the Company will indemnify you and hold you harmless from and against any claim relating to your performance as an officer, director or employee of the Company or any of its subsidiaries or other affiliates or in any other capacity, including any fiduciary capacity, in which you served at the Company's request, in each case to the maximum extent permitted by law and under the Company's Articles of Incorporation and Bylaws (the "Governing Documents"), provided that under no circumstances will the protection afforded to you under this paragraph be less than that afforded under the Governing Documents as in effect on the date of this Agreement except for changes mandated by law. You will continue to receive the benefits of, and be covered by, any policy of directors and officers liability insurance maintained by the Company for the benefit of its directors, officers and employees.
14. Employment by a Subsidiary. Either the Company or a Subsidiary may be your legal employer. For purposes of this Letter, any reference to your termination of employment with the Company means termination of employment with the Company and all Subsidiaries, and does not include a transfer of employment between any of them. The actions referred to under the definition of "Good Reason" in **subparagraph 4.3** include the actions of the Company or your employing Subsidiary, as applicable. The obligations created under this Letter are obligations of the Company. A change in control of a Subsidiary will not constitute a Change in Control for purposes of this Letter unless there is also a contemporaneous Change in Control of the Company. For purposes of **paragraph 1** and this paragraph, a "Subsidiary" means an entity more than fifty percent (50%) of whose equity interests are owned directly or indirectly by the Company.

[Name]

[Date]

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If you accept the above terms, please sign and return to me the enclosed copy of this Letter.

Sincerely,

Agreed to as of _____, _____

[Name]

[Date]

[Name]

[Title]

[Address]

Dear _____:

Certery Inc. (the "Company") considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders. In this connection, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control exists and that possibility, and the uncertainty and questions that it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. Accordingly, the Board of Directors of the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company.

In order to induce you to remain in its employ, the Company agrees to provide you the payments and benefits described in this Letter (in lieu of any severance payments and benefits you would otherwise receive in accordance with the Company's severance pay practices) if your employment with the Company is terminated subsequent to a "Change in Control" of the Company (as defined in **paragraph 3**) under the circumstances described in **paragraph 4**.

1. No Right to Continued Employment. This Letter does not give you any right to continued employment by the Company or a Subsidiary, and it will not interfere in any way with the right the Company or a Subsidiary otherwise may have to terminate your employment at any time.

2. Term of this Letter. The terms of this Letter will be effective as of August 21, 2002, and, except as otherwise provided in this Letter, will continue in effect until January 1, 2003; provided that commencing on January 1, 2003 and each subsequent January 1, the terms of this Letter will be extended automatically so as to remain in effect for five (5) years from that January 1 unless at least sixty (60) days prior to January 1 of a given year, the Company notifies you that it does not wish to continue this Letter in effect beyond its then current expiration date; and provided further that if a Change in Control occurs prior to the expiration of this Letter, this Letter will continue in effect for three (3) years from the Change in Control.

3. Change in Control. No benefits will be payable under this Letter unless there is a Change in Control and your employment by the Company is terminated under the circumstances described in **paragraph 4** entitling you to benefits. For purposes of this Letter, a Change in Control of the Company means the occurrence of any of the following events during the period in which this Letter remains in effect:

3.1 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 **subparagraph 3.1**, 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 (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 all of the provisions of **clauses (a), (b) and (c) of subparagraph 3.2**; or

3.2 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, 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 (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

3.3 Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

3.4 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 (a), (b) and (c) of subparagraph 3.2**.

For purposes of this **paragraph 3**, 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 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).

“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.

4. Termination Following Change in Control. If any of the events described in **paragraph 3** constituting a Change in Control occurs, you will be entitled to the payments and benefits provided for in **paragraph 5** if your employment is terminated within six (6) months prior to the Change in Control in connection with the Change in Control or your employment is terminated within three (3) years following the date of the Change in Control, unless your termination is (a) because of your death, (b) by the Company for Cause or Disability, or (c) by you other than for Good Reason. The payments and benefits provided for in **paragraph 5** will be in lieu of any severance payments you would otherwise receive in accordance with the Company’s severance pay practices, but will have no effect on any of the Company’s other employee benefit plans or practices, as amended from time to time.

4.1 Cause. Termination by the Company of your employment for “Cause” means termination by the Company of your employment upon (a) your willful and continued failure to substantially perform your duties with the Company (other than any failure resulting from your incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the Chief Executive Officer of the Company (or if you are the Chief Executive Officer, the Chairman of the Compensation Committee of the Board of Directors) that specifically identifies the manner in which the Chief Executive Officer believes that you have not substantially performed your duties, or (b) your willfully engaging in misconduct that is materially injurious to the Company, monetarily or otherwise. For purposes of this **subparagraph 4.1**, no act, or failure to act, on your part will be considered “willful” unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the above, you will not be deemed to have been terminated for Cause unless and until you have been given a copy of a Notice of Termination from the Chief Executive Officer of the Company (or if you are the

Chief Executive Officer, the Chairman of the Compensation Committee of the Board of Directors), after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before (i) the Chief Executive Officer, or (ii) if you are 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, you committed the conduct set forth above in **clauses (a) or (b)** of this **subparagraph 4.1**, and specifying the particulars of that finding in detail.

4.2 Disability. Termination by the Company of your employment for “Disability” means termination by the Company of your employment following and because of your failure to perform your duties as an employee for a period of at least one hundred eighty (180) consecutive calendar days as a result of total and permanent incapacity due to physical or mental illness or injury. Your incapacity must be certified by a licensed medical doctor selected by you. You will continue to receive your full base salary at the rate in effect and any bonus payments under the Plan payable during the one hundred eighty (180) day qualification period until termination of your employment for Disability. After that termination, your benefits will be determined in accordance with the Company’s long-term disability plan then in effect and any of the Company’s other benefit plans and practices then in effect that apply to you. The Company will have no further obligation to you under this Letter and all supplemental benefits will be terminated. If the Company disagrees with the certification of your incapacity, it may appoint another medical doctor to certify his opinion as to your incapacity, and if that doctor does not certify as to your incapacity, then the two doctors will appoint a third medical doctor to certify their opinion as to your incapacity, and the decision of a majority of the three doctors will prevail. (The Company will bear the costs of the doctors opinions.)

4.3 Good Reason. Termination by you of your employment for “Good Reason” means termination by you of your employment based on:

- (a) The assignment to you of duties inconsistent with your position and status with the Company as they existed immediately prior to the Change in Control Date (as defined below), or a substantial change in your title, offices or authority, or in the nature of your responsibilities, as they existed immediately prior to the Change in Control Date (or if you receive a promotion or an increase in responsibilities or authority

after the Change in Control Date, then a change with respect to your enhanced position, status, responsibilities or authority), except in connection with the termination of your employment for Cause or Disability or as a result of your death or by you other than for Good Reason;

(b) A reduction by the Company in your base salary as in effect on the date of this Letter or as your salary may be increased from time to time;

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

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

(e) The failure by the Company to continue in effect any retirement or compensation plan, supplemental retirement plan, performance share plan, stock option plan, life insurance plan, health and accident plan, disability plan or any other benefit plan in which you are participating immediately prior to the Change in Control Date (or provide plans providing you with substantially similar benefits), the taking of any action by the Company that would adversely affect your participation or materially reduce your benefits under any of those plans or deprive you of any material fringe benefit enjoyed by you immediately prior to the Change in Control Date, or the failure by the Company to provide you with the number of paid vacation days to

which you are then entitled in accordance with the Company's normal vacation practices in effect immediately prior to the Change in Control Date;

(f) The failure by the Company to obtain the assumption of the agreement to perform this Letter by any successor, as contemplated in **paragraph 6**; or

(g) Any purported termination of your employment that is not effected pursuant to a Notice of Termination satisfying the requirements of **subparagraph 4.4** (and, if applicable, **subparagraph 4.1**).

For purposes of this **subparagraph 4.3**, "Change in Control Date" means the date six months prior to the date of the Change in Control.

4.4 Notice of Termination. Any purported termination by the Company pursuant to **subparagraphs 4.1 or 4.2** or by you pursuant to **subparagraph 4.3** will be communicated by written Notice of Termination to the other party. For purposes of this Letter, a "Notice of Termination" means a notice that indicates the specific termination provision in this Letter relied upon and setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated. Any purported termination not effected pursuant to a Notice of Termination meeting the requirements set forth in this Letter will not be effective.

4.5 Date of Termination. For purposes of this Letter, the date of the termination of your employment ("Date of Termination") will be (a) if your employment is terminated by your death, the end of the month in which your death occurs, (b) if your employment is terminated for Disability, thirty (30) days after Notice of Termination is given, or (c) if your employment is terminated by you or the Company for any other reason, the date specified in the Notice of Termination, which will not be later than thirty (30) days after the date on which the Notice of Termination is given.

5. Benefits upon Certain Terminations following a Change in Control. If any of the events described in **paragraph 3** constituting a Change in Control occurs and your employment is terminated under the circumstances described in **paragraph 4** which entitle you to payments and benefits under this **paragraph 5**, then the provisions of **subparagraphs 5.1 through 5.6** will apply.

5.1 Compensation through Date of Termination. The Company will pay you (a) any unpaid amount of your base salary through the Date of Termination, (b) with respect to any year then completed, any unpaid amount accrued to you pursuant to the Incentive Plan, and (c) with respect to any year then partially completed, a pro rata portion through the Date of Termination of your target annual bonus under the Incentive Plan. For purposes of **item (c)** above, your “target annual bonus under the Incentive Plan” will be your annual base salary as of the Date of Termination multiplied by the target percentage of your bonus under the Incentive Plan.

5.2 Additional Severance. In lieu of any further salary payments to you for periods subsequent to the Date of Termination, the Company will pay as severance pay to you on the fifth (5th) business day following the Date of Termination a lump sum equal to two (2) times the sum of (a) your annual base salary at the highest rate in effect during the twelve (12) months immediately preceding the Date of Termination plus (b) the higher of (i) the highest annual bonus paid to you or paid but deferred on your behalf under the Incentive Plan, (ii) any earned, but unpaid, bonus accrued for your benefit under the Incentive Plan, or (iii) your highest target annual bonus under the Incentive Plan, whether or not earned, in each case with respect to the three (3) calendar years immediately preceding the year in which the Date of Termination occurs and the partial calendar year ending on the Date of Termination. For purposes of **item (iii)** above and **subparagraph 5.3**, the “highest target annual bonus under the Incentive Plan” for the partial calendar year ending on the Date of Termination will be your annual base salary as of the Date of Termination multiplied by the target percentage of your bonus under the Incentive Plan.

5.3 Additional Retirement Benefit. If you are a participant in the Certegy Inc. Pension Plan, the Company will pay you on the fifth (5th) business day following the Date of Termination a lump sum retirement benefit, in addition to the benefits to which you are or would be entitled under the Pension Plan. That benefit will be a lump sum amount that is the actuarial equivalent of your benefits calculated pursuant to the terms of the Pension Plan with the following adjustments: (a) regardless of your Years of Vesting Service under the Pension Plan, you will be treated as if you were 100% vested under the Pension Plan, (b) the number of Years of Benefit Service used will be (i) the

actual number of Years of Benefit Service accumulated as of the Date of Termination plus (ii) an additional number of Years of Benefit Service (up to a maximum of five (5) additional years) equal to the number of additional Years of Benefit Service that you would have earned if you had remained an employee of the Company until attainment of age sixty-two (62) (the "Additional Years of Benefit Service"), (c) the determination of the actuarial equivalent will be made using, as your age, your actual age on the Date of Termination plus an additional number of years equal to the Additional Years of Benefit Service, (d) the Final Average Annual Earnings (for purposes of applying the benefit formula under the Retirement Plan) will be determined based on a monthly compensation amount using (I) the highest monthly rate of Base Salary in effect during the twelve (12) months immediately preceding the Date of Termination, plus (II) the higher of (A) the highest annual bonus paid to you or paid but deferred on your behalf under the Incentive Plan, (B) any earned, but unpaid, bonus accrued for your benefit under the Incentive Plan, or (C) your highest target annual bonus under the Incentive Plan, whether or not earned, in each case with respect to the three (3) calendar years immediately preceding the Date of Termination and the partial calendar year ending on the Date of Termination, divided by twelve (12) (regardless of the earnings limitations under the Pension Plan or governmental regulations applicable to those plans), and (e) the monthly retirement benefit so calculated will be reduced by an amount equal to the monthly retirement benefit payable to you under the Pension Plan. All capitalized terms used in this subparagraph, unless otherwise defined, will have the same meanings as those terms are defined in the Retirement Plan. The actuarial equivalent will be calculated based on the assumptions contained in the Pension Plan on the Date of Termination; provided that the assumptions on which the actuarial equivalent will be calculated will be no less favorable to you than those assumptions contained in the Pension Plan on the date of the Change in Control.

5.4 Benefit Plans.

(a) Unless your employment is terminated for Cause, the Company will maintain in full force and effect, for your continued benefit for three (3) years after your Date of Termination (the "Benefit Continuation Period"), the group medical, dental and vision coverages (collectively, the "Health Coverages"), life insurance, disability and similar coverages in which you are entitled to participate immediately prior to the Date of Termination, including coverages for your dependents, at the same

levels available for active employees and in the same manner as if your employment had not terminated. You will be responsible for paying any costs you were paying for those coverages at the time of termination by separate check payable to the Company each month in advance, except that the Company will pay you an additional amount equal to your costs for the Health Coverages, including dependent coverage. If the terms of any benefit plan referred to in this **subparagraph 5.4(a)**, or the laws applicable to that plan, do not permit your continued participation, or if the benefit plan is no longer in place, then the Company will arrange for other coverages satisfactory to you at the Company's expense that provide substantially similar benefits, or the Company will pay you a lump sum amount, actuarially determined, equal to the costs of acquiring those coverage(s) for the Benefit Continuation Period.

(b) If you have satisfied the age and service requirements for receiving the Company's retiree medical coverage (the "Age and Service Requirements") on your Date of Termination, you (and your dependents) will be covered by, and receive benefits under, the Company's retiree medical coverage program for employees. The Company will pay you an additional amount for your costs for the coverage. The coverage will commence on the date your medical coverage under **subparagraph 5.4(a)** above terminates, and continue for your life and the life of your surviving spouse, if any, subject only to those changes in the level of coverage (but not complete elimination of the program) that apply to employees at your level generally. If you satisfy the Age and Service Requirements, but the terms of the retiree medical program or the laws applicable to the program do not permit your participation, or the retiree medical program is no longer in place or subsequently is terminated, then the Company will arrange for other coverage satisfactory to you at the Company's expense that provides substantially similar benefits for the remainder of your life and the life of your surviving spouse, if any.

(c) If you have not satisfied the Age and Service Requirements on your Date of Termination, but you would have satisfied those requirements (in accordance with the rules set forth in the following sentence) had you remained employed by the Company through the end of the Benefit Continuation Period, then the Company will arrange for other coverage satisfactory to you at the Company's expense that

provides substantially similar benefits as the coverage under the retiree medical program for the remainder of your life and the life of your surviving spouse, if any. For purposes of determining whether you would have satisfied the Age and Service Requirements had you remained employed by the Company through the end of the Benefit Continuation Period, (a) your age at the end of the Benefit Continuation Period will be deemed to be your actual age at the end of that period plus an additional number of years equal to the Additional Years of Benefit Service (as defined in **item (i) of clause (b) of subparagraph 5.3**), and (b) you will be credited additional years of service for the Benefit Continuation Period plus additional years of service equal to your Additional Years of Benefit Service.

(d) To the extent that any payments or benefits provided pursuant to **subparagraphs 5.4(a), (b) or (c)** are subject to income tax, the Company will provide a gross-up payment to you or the applicable recipient of the payments or benefits in order to place you or the applicable recipient in the same after-tax position had the payments or benefits not been subject to income tax.

(e) You will be entitled to continue to participate in the Certegy Inc. 401(k) Plan for the three-year period after your Date of Termination. For purposes of the 401(k) Plan, you will receive an amount equal to the Company's contributions to the 401(k) Plan, assuming you had made contributions to the 401(k) Plan at the maximum permissible level. If the Company cannot contribute those additional amounts to the 401(k) Plan on your behalf because of the terms of the 401(k) Plan or applicable law, the Company will pay to you within five (5) days of the Date of Termination a lump sum amount equal to the additional amounts the Company would have been required to contribute (based upon the terms of the 401(k) Plan as in effect on the Date of Termination).

5.5 No Mitigation Required. You will not be required to mitigate the amount of any payment or benefits provided for in this **paragraph 5** by seeking other employment or otherwise, nor will the amount of any payment or benefits provided for in this **paragraph 5** be reduced by any compensation earned by you, or benefits provided to you, as the result of employment by another employer after the Date of Termination, or otherwise.

5.6 Tax Gross-Up Payment. If any payments or benefits provided pursuant to this Letter or any other payments or benefits provided to you by the Company are subject to an excise tax on an “excess parachute payment” under Section 4999 of the Internal Revenue Code of 1986 (the “Code”), or any successor provision of the Code, or are subject to an excise or penalty tax under any similar provision of any other revenue system to which you may be subject, the Company will provide a gross-up payment to you in order to place you in the same after-tax position you would have been in had no excise or penalty tax become due and payable under Code Section 4999 (or any successor provision) or any similar provision of that other revenue system. Any gross-up payment to which you are entitled as a result of the applicability of an excise tax under Code Section 4999 or any successor provision of the Code, or as a result of any excise or penalty tax under any similar provision of any other revenue system to which you may be subject, will be determined in accordance with a “Policy with Respect to Tax Gross-up Payments” adopted, or which will be adopted, by the Board of Directors (or a Committee of the Board), and once that policy is adopted, no amendment of that policy that adversely affects you will be effective with respect to your rights under this Letter without your written consent.

6. Successors: Binding Agreement.

6.1 Assumption by Company’s Successor. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance reasonably satisfactory to you, to expressly assume and agree to perform this Letter. Failure of the Company to obtain that agreement prior to the effectiveness of any succession will be a breach of this Letter and will entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled under this Letter if you terminated your employment for Good Reason within three (3) years following a Change in Control, except that for purposes of implementing the foregoing, the date on which that succession becomes effective will be deemed the Date of Termination. As used in this Letter, “Company” means Certegy Inc. and any successor to its business and/or assets that executes and delivers the agreement provided for in this **subparagraph 6.1** or that otherwise becomes bound by all the terms and provisions of this Letter by operation of law.

6.2 Enforcement by Your Successor. This Letter will inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you die subsequent to the termination of your employment while any amount would still be payable to you pursuant to this Letter if you had continued to live, all those amounts, unless otherwise provided in this Letter, will be paid in accordance with the terms of this Letter to your devisee, legatee or other designee or, if there be no designee, to your estate; that payment to be made in a lump sum within sixty (60) days from the date of your death.

7. Notice. For purposes of this Letter, notices and all other communications provided for in this Letter will be in writing and will be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage pre-paid, addressed to the respective addresses set forth on the first page of this Letter, provided that all notices to the Company will be directed to the attention of the Chief Executive Officer of the Company (or if the notice is from the Chief Executive Officer, to the General Counsel of the Company), or to that other address as either party may have furnished to the other in writing in accordance with this **paragraph 7**, except that notice of change of address will be effective only upon receipt.

8. Modification and Waiver. No provision of this Letter may be modified, waived or discharged unless that waiver, modification or discharge is agreed to in writing by you and that officer as may be specifically designated by the Board of Directors of the Company. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Letter to be performed by that other party will be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time.

9. Construction. This Letter supersedes any oral agreement between you and the Company and any oral representation by the Company to you with respect to the subject matter of this Letter. The validity, interpretation, construction and performance of this Letter will be governed by the laws of the State of Georgia.

10. Severability. If any one or more of the provisions of this Letter or any word, phrase, clause, sentence or other portion of a provision is deemed illegal or unenforceable for any reason, that provision or portion will be modified or deleted in such a manner as to make this Letter as modified legal and enforceable to the fullest extent permitted under applicable laws. The validity and enforceability of the remaining provisions or portions of this Letter will remain in full force and effect.

11. Counterparts. This Letter may be executed in two or more counterparts, each of which will take effect as an original and all of which will evidence one and the same agreement.

12. Legal Fees. If the Company breaches this Letter or if, within three (3) years following a Change in Control, your employment is terminated under circumstances described in **paragraph 4** that entitle you to payments and benefits under **paragraph 5**, the Company will reimburse you for all legal fees and expenses reasonably incurred by you as a result of that termination (including all those fees and expenses, if any, incurred in contesting or disputing the termination or in seeking to obtain or enforce any right or benefit provided by this Letter). Upon presentation to the Company of the invoice for those legal fees and expenses, the Company will reimburse you monthly for those legal fees and expenses.

13. Indemnification. After your termination, the Company will indemnify you and hold you harmless from and against any claim relating to your performance as an officer, director or employee of the Company or any of its subsidiaries or other affiliates or in any other capacity, including any fiduciary capacity, in which you served at the Company's request, in each case to the maximum extent permitted by law and under the Company's Articles of Incorporation and Bylaws (the "Governing Documents"), provided that under no circumstances will the protection afforded to you under this paragraph be less than that afforded under the Governing Documents as in effect on the date of this Agreement except for changes mandated by law. You will continue to receive the benefits of, and be covered by, any policy of directors and officers liability insurance maintained by the Company for the benefit of its directors, officers and employees.

14. Employment by a Subsidiary. Either the Company or a Subsidiary may be your legal employer. For purposes of this Letter, any reference to your termination of employment with the Company means termination of employment with the Company and all Subsidiaries, and does not include a transfer of employment between any of them. The actions referred to under the definition of "Good Reason" in **subparagraph 4.3** include the actions of the Company or your employing Subsidiary, as applicable. The obligations created under this Letter are obligations of the Company. A change in control of a Subsidiary will not constitute a Change in Control for purposes of this Letter unless there is also a contemporaneous Change in Control of the Company. For purposes of **paragraph 1** and this paragraph, a "Subsidiary" means an entity more than fifty percent (50%) of whose equity interests are owned directly or indirectly by the Company.

[Name]

[Date]

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If you accept the above terms, please sign and return to me the enclosed copy of this Letter.

Sincerely,

Agreed to as of _____, ____

[Name]

GRANTOR TRUST AGREEMENT

THIS GRANTOR TRUST AGREEMENT (the "Trust Agreement"), as originally effective July 8, 2001, is hereby amended and restated effective this 5th of December, 2003, 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, as amended and restated effective November 7, 2003 (the "Split Dollar Plan"), and the Company has adopted the Special Supplemental Executive Retirement Plan, effective November 7, 2003 (the "Special SERP," and the Split Dollar Plan and the Special SERP, together, the "Plans");
- (b) **WHEREAS**, the Company has incurred or expects to incur liability under the terms of the Plans with respect to the individuals participating in the Plans 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 Plans 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 Plans as unfunded plans 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 Plans 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 Plans 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 (i) pay the insurance premiums required on Policies, as defined herein, purchased pursuant to the Split Dollar Plan, until such Policies have been fully paid, in accordance with Section 2(c) below, and (ii) fund the aggregate amount of Participant Interests as defined and provided for under the Special SERP.
- (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 (i) pay the insurance premiums required on Policies purchased pursuant to the Split Dollar Plan, until such Policies have been fully paid, in accordance with Section 2(c) below, and (ii) fund the aggregate amount of Participant Interests as defined and provided for under the Special SERP.

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 Split Dollar 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 Split Dollar Plan. Such schedule shall accurately reflect the premiums due on each Participants' Policy, in accordance with the funding schedule that is then in effect for such Participant. 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 Split Dollar Plan except to the extent such liabilities are met by application of assets of the Trust.
- (2) After a Potential Change of Control and before a Change of Control, the Company shall deliver to the Trustee a schedule of amounts due under the Special SERP to fully fund Participant Interests under the Special SERP. If the Company has not transferred the required amounts at least thirty (30) days prior to each due date, the Trustee shall notify the Company. Nothing in this Trust Agreement shall relieve the Company of its liabilities to pay benefits due under the Special SERP except to the extent such liabilities are met by application of assets of the Trust.
- (3) Subsequent to a Change of Control, as soon as administratively practicable following the end of a calendar year, the Trustee, in consultation with the Plan Administrator of the Special SERP, shall determine the amount of cash the Company must contribute to the Trust to fully fund the Participant Interests under the Special SERP. The Trustee shall notify the Company of such amount, and the Company shall contribute such amount to the Trust within thirty (30) days after receipt of such notification.

(4) 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.

(5) 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 Plans.
- (e) The primary purposes of this Trust are to insure that, following a Change of Control, (i) 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 Split Dollar 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 Split Dollar Plan Participants pursuant to the Split Dollar Plan, (ii) contributions will be made to the Trust in amounts sufficient to assure that payment of benefits to participants pursuant to the Special SERP can reasonably be made, and (iii) 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 Plans, 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 Plans 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 Split Dollar 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 Split Dollar 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 Split Dollar 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 Plans;
 - (2) the need for matching of the Trust assets with the liabilities of the Plans; 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 Plans.
- (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 Plans 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 Plans, 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 Plans.
- (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 Plans 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 Plans 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 Plans have 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 Plans. 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.

[EXECUTION PAGE FOLLOWS]

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: _____

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

WACHOVIA BANK, N.A.

By: _____

Name:
Title:

[date]

[name]

[title]

[address]

Dear _____:

Certegy Inc. (the "Company") considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders. In this connection, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control exists and that possibility, and the uncertainty and questions that it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. Accordingly, the Board of Directors of the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company.

In order to induce you to remain in its employ, the Company agrees to provide you the payments and benefits described in this Letter (in lieu of any severance payments and benefits you would otherwise receive in accordance with the Company's severance pay practices) if your employment with the Company is terminated subsequent to a "Change in Control" of the Company (as defined in **paragraph 3**) under the circumstances described in **paragraph 4**.

1. **No Right to Continued Employment.** This Letter does not give you any right to continued employment by the Company or a Subsidiary, and it will not interfere in any way with the right the Company or a Subsidiary otherwise may have to terminate your employment at any time.

2. **Term of this Letter.** The terms of this Letter will be effective as of _____, 200_, and, except as otherwise provided in this Letter, will continue in effect until _____, 200_; provided that commencing on January 1, 200_ and each subsequent January 1, the terms of this Letter will be extended automatically so as to remain in effect for five (5) years from that January 1 unless at least sixty (60) days prior to January 1 of a given year, the Company notifies you that it does not wish to continue this Letter in effect beyond its then current expiration date; and provided further that if a Change in Control occurs prior to the expiration of this Letter, this Letter will continue in effect for three (3) years from the Change in Control.

3. Change in Control. No benefits will be payable under this Letter unless there is a Change in Control and your employment by the Company is terminated under the circumstances described in **paragraph 4** entitling you to benefits. For purposes of this Letter, a Change in Control of the Company means the occurrence of any of the following events during the period in which this Letter remains in effect:

3.1 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 **subparagraph 3.1**, 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 (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 all of the provisions of **clauses (a), (b) and (c) of subparagraph 3.2**; or

3.2 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 ($66\frac{2}{3}\%$) 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, 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 (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

3.3 Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

3.4 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 (a), (b) and (c) of subparagraph 3.2**.

For purposes of this **paragraph 3**, 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 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).

“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.

4. **Termination Following Change in Control.** If any of the events described in **paragraph 3** constituting a Change in Control occurs, you will be entitled to the payments and benefits provided for in **paragraph 5** if your employment is terminated within six (6) months prior to the Change in Control in connection with the Change in Control or your employment is terminated within three (3) years following the date of the Change in Control, unless your termination is (a) because of your death, (b) by the Company for Cause or Disability, or (c) by you other than for Good Reason. The payments and benefits provided for in **paragraph 5** will be in lieu of any severance payments you would otherwise receive in accordance with the Company's severance pay practices, but will have no effect on any of the Company's other employee benefit plans or practices, as amended from time to time.

4.1 **Cause.** Termination by the Company of your employment for "Cause" means termination by the Company of your employment upon (a) your willful and continued failure to substantially perform your duties with the Company (other than any failure resulting from your incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to you by the Chief Executive Officer of the Company (or if you are the Chief Executive Officer, the Chairman of the Compensation Committee of the Board of Directors) that specifically identifies the manner in which the Chief Executive Officer believes that you have not substantially performed your duties, or (b) your willfully engaging in misconduct that is materially injurious to the Company, monetarily or otherwise. For purposes of this **subparagraph 4.1**, no act, or failure to act, on your part will be considered "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the above, you will not be deemed to have been terminated for Cause unless and until you have been given a copy of a Notice of Termination from the Chief Executive Officer of the Company (or if you are the Chief Executive Officer, the Chairman of the Compensation Committee of the Board of Directors), after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before (i) the Chief Executive Officer, or (ii) if you are 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, you committed the conduct set forth above in **clauses (a) or (b)** of this **subparagraph 4.1**, and specifying the particulars of that finding in detail.

4.2 **Disability.** Termination by the Company of your employment for "Disability" means termination by the Company of your employment following

and because of your failure to perform your duties as an employee for a period of at least one hundred eighty (180) consecutive calendar days as a result of total and permanent incapacity due to physical or mental illness or injury. Your incapacity must be certified by a licensed medical doctor selected by you. You will continue to receive your full base salary at the rate in effect and any bonus payments under the Plan payable during the one hundred eighty (180) day qualification period until termination of your employment for Disability. After that termination, your benefits will be determined in accordance with the Company's long-term disability plan then in effect and any of the Company's other benefit plans and practices then in effect that apply to you. The Company will have no further obligation to you under this Letter and all supplemental benefits will be terminated. If the Company disagrees with the certification of your incapacity, it may appoint another medical doctor to certify his opinion as to your incapacity, and if that doctor does not certify as to your incapacity, then the two doctors will appoint a third medical doctor to certify their opinion as to your incapacity, and the decision of a majority of the three doctors will prevail. (The Company will bear the costs of the doctors opinions.)

4.3 Good Reason. Termination by you of your employment for "Good Reason" means termination by you of your employment based on:

- (a) The assignment to you of duties inconsistent with your position and status with the Company as they existed immediately prior to the Change in Control Date (as defined below), or a substantial change in your title, offices or authority, or in the nature of your responsibilities, as they existed immediately prior to the Change in Control Date (or if you receive a promotion or an increase in responsibilities or authority after the Change in Control Date, then a change with respect to your enhanced position, status, responsibilities or authority), except in connection with the termination of your employment for Cause or Disability or as a result of your death or by you other than for Good Reason;
- (b) A reduction by the Company in your base salary as in effect on the date of this Letter or as your salary may be increased from time to time;
- (c) A failure by the Company to continue the Company's incentive compensation plan(s) ("Incentive Plan"), as it may be modified from time to time, substantially in the form in effect immediately prior to the Change in Control Date, or a failure by the Company to continue you

as a participant in the Incentive Plan on at least the basis of your participation immediately prior to the Change in Control Date or to pay you the amounts that you would be entitled to receive in accordance with the Incentive Plan;

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

(e) The failure by the Company to continue in effect any retirement or compensation plan, supplemental retirement plan, performance share plan, stock option plan, life insurance plan, health and accident plan, disability plan or any other benefit plan in which you are participating immediately prior to the Change in Control Date (or provide plans providing you with substantially similar benefits), the taking of any action by the Company that would adversely affect your participation or materially reduce your benefits under any of those plans or deprive you of any material fringe benefit enjoyed by you immediately prior to the Change in Control Date, or the failure by the Company to provide you with the number of paid vacation days to which you are then entitled in accordance with the Company's normal vacation practices in effect immediately prior to the Change in Control Date;

(f) The failure by the Company to obtain the assumption of the agreement to perform this Letter by any successor, as contemplated in **paragraph 6**; or

(g) Any purported termination of your employment that is not effected pursuant to a Notice of Termination satisfying the requirements of **subparagraph 4.4** (and, if applicable, **subparagraph 4.1**).

For purposes of this **subparagraph 4.3**, "Change in Control Date" means the date six months prior to the date of the Change in Control.

4.4 Notice of Termination. Any purported termination by the Company pursuant to **subparagraphs 4.1 or 4.2** or by you pursuant to **subparagraph 4.3** will be communicated by written Notice of Termination to the other party. For purposes of this Letter, a “Notice of Termination” means a notice that indicates the specific termination provision in this Letter relied upon and setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated. Any purported termination not effected pursuant to a Notice of Termination meeting the requirements set forth in this Letter will not be effective.

4.5 Date of Termination. For purposes of this Letter, the date of the termination of your employment (“Date of Termination”) will be (a) if your employment is terminated by your death, the end of the month in which your death occurs, (b) if your employment is terminated for Disability, thirty (30) days after Notice of Termination is given, or (c) if your employment is terminated by you or the Company for any other reason, the date specified in the Notice of Termination, which will not be later than thirty (30) days after the date on which the Notice of Termination is given.

5. Benefits upon Certain Terminations following a Change in Control. If any of the events described in **paragraph 3** constituting a Change in Control occurs and your employment is terminated under the circumstances described in **paragraph 4** which entitle you to payments and benefits under this **paragraph 5**, then the provisions of **subparagraphs 5.1 through 5.6** will apply.

5.1 Compensation through Date of Termination. The Company will pay you (a) any unpaid amount of your base salary through the Date of Termination, (b) with respect to any year then completed, any unpaid amount accrued to you pursuant to the Incentive Plan, and (c) with respect to any year then partially completed, a pro rata portion through the Date of Termination of your target annual bonus under the Incentive Plan. For purposes of **item (c)** above, your “target annual bonus under the Incentive Plan” will be your annual base salary as of the Date of Termination multiplied by the target percentage of your bonus under the Incentive Plan.

5.2 Additional Severance. In lieu of any further salary payments to you for periods subsequent to the Date of Termination, the Company will pay as severance pay to you on the fifth (5th) business day following the Date of Termination a lump sum equal to one (1) times the sum of (a) your annual

base salary at the highest rate in effect during the twelve (12) months immediately preceding the Date of Termination plus (b) the higher of (i) the highest annual bonus paid to you or paid but deferred on your behalf under the Incentive Plan, (ii) any earned, but unpaid, bonus accrued for your benefit under the Incentive Plan, or (iii) your highest target annual bonus under the Incentive Plan, whether or not earned, in each case with respect to the three (3) calendar years immediately preceding the year in which the Date of Termination occurs and the partial calendar year ending on the Date of Termination. For purposes of **item (iii)** above and **subparagraph 5.3**, the “highest target annual bonus under the Incentive Plan” for the partial calendar year ending on the Date of Termination will be your annual base salary as of the Date of Termination multiplied by the target percentage of your bonus under the Incentive Plan.

5.3 Additional Retirement Benefit. If you are a participant in the Certegy Inc. Pension Plan, the Company will pay you on the fifth (5th) business day following the Date of Termination a lump sum retirement benefit, in addition to the benefits to which you are or would be entitled under the Pension Plan. That benefit will be a lump sum amount that is the actuarial equivalent of your benefits calculated pursuant to the terms of the Pension Plan with the following adjustments: (a) regardless of your Years of Vesting Service under the Pension Plan, you will be treated as if you were 100% vested under the Pension Plan, (b) the number of Years of Benefit Service used will be (i) the actual number of Years of Benefit Service accumulated as of the Date of Termination plus (ii) an additional number of Years of Benefit Service (up to a maximum of five (5) additional years) equal to the number of additional Years of Benefit Service that you would have earned if you had remained an employee of the Company until attainment of age sixty-two (62) (the “Additional Years of Benefit Service”), (c) the determination of the actuarial equivalent will be made using, as your age, your actual age on the Date of Termination plus an additional number of years equal to the Additional Years of Benefit Service, (d) the Final Average Annual Earnings (for purposes of applying the benefit formula under the Retirement Plan) will be determined based on a monthly compensation amount using (I) the highest monthly rate of Base Salary in effect during the twelve (12) months immediately preceding the Date of Termination, plus (II) the higher of (A) the highest annual bonus paid to you or paid but deferred on your behalf under the Incentive Plan, (B) any earned, but unpaid, bonus accrued for your benefit under the Incentive Plan, or (C) your highest target annual bonus under the Incentive Plan, whether or not earned, in each case with respect to the three (3) calendar years immediately preceding the Date of Termination and the partial calendar year ending on the Date of Termination, divided by twelve (12) (regardless of the

earnings limitations under the Pension Plan or governmental regulations applicable to those plans), and (e) the monthly retirement benefit so calculated will be reduced by an amount equal to the monthly retirement benefit payable to you under the Pension Plan. All capitalized terms used in this subparagraph, unless otherwise defined, will have the same meanings as those terms are defined in the Retirement Plan. The actuarial equivalent will be calculated based on the assumptions contained in the Pension Plan on the Date of Termination; provided that the assumptions on which the actuarial equivalent will be calculated will be no less favorable to you than those assumptions contained in the Pension Plan on the date of the Change in Control.

5.4 Benefit Plans.

(a) Unless your employment is terminated for Cause, the Company will maintain in full force and effect, for your continued benefit for three (3) years after your Date of Termination (the "Benefit Continuation Period"), the group medical, dental and vision coverages (collectively, the "Health Coverages"), life insurance, disability and similar coverages in which you are entitled to participate immediately prior to the Date of Termination, including coverages for your dependents, at the same levels available for active employees and in the same manner as if your employment had not terminated. You will be responsible for paying any costs you were paying for those coverages at the time of termination by separate check payable to the Company each month in advance, except that the Company will pay you an additional amount equal to your costs for the Health Coverages, including dependent coverage. If the terms of any benefit plan referred to in this **subparagraph 5.4(a)**, or the laws applicable to that plan, do not permit your continued participation, or if the benefit plan is no longer in place, then the Company will arrange for other coverages satisfactory to you at the Company's expense that provide substantially similar benefits, or the Company will pay you a lump sum amount, actuarially determined, equal to the costs of acquiring those coverage(s) for the Benefit Continuation Period.

(b) If you have satisfied the age and service requirements for receiving the Company's retiree medical coverage (the "Age and Service Requirements") on your Date of Termination, you (and your dependents) will be covered by, and receive benefits under, the Company's retiree medical coverage program for employees. The Company will pay you an additional amount for your costs for the

coverage. The coverage will commence on the date your medical coverage under **subparagraph 5.4(a)** above terminates, and continue for your life and the life of your surviving spouse, if any, subject only to those changes in the level of coverage (but not complete elimination of the program) that apply to employees at your level generally. If you satisfy the Age and Service Requirements, but the terms of the retiree medical program or the laws applicable to the program do not permit your participation, or the retiree medical program is no longer in place or subsequently is terminated, then the Company will arrange for other coverage satisfactory to you at the Company's expense that provides substantially similar benefits for the remainder of your life and the life of your surviving spouse, if any.

(c) If you have not satisfied the Age and Service Requirements on your Date of Termination, but you would have satisfied those requirements (in accordance with the rules set forth in the following sentence) had you remained employed by the Company through the end of the Benefit Continuation Period, then the Company will arrange for other coverage satisfactory to you at the Company's expense that provides substantially similar benefits as the coverage under the retiree medical program for the remainder of your life and the life of your surviving spouse, if any. For purposes of determining whether you would have satisfied the Age and Service Requirements had you remained employed by the Company through the end of the Benefit Continuation Period, (a) your age at the end of the Benefit Continuation Period will be deemed to be your actual age at the end of that period plus an additional number of years equal to the Additional Years of Benefit Service (as defined in **item (i) of clause (b) of subparagraph 5.3**), and (b) you will be credited additional years of service for the Benefit Continuation Period plus additional years of service equal to your Additional Years of Benefit Service.

(d) To the extent that any payments or benefits provided pursuant to **subparagraphs 5.4(a), (b) or (c)** are subject to income tax, the Company will provide a gross-up payment to you or the applicable recipient of the payments or benefits in order to place you or the applicable recipient in the same after-tax position had the payments or benefits not been subject to income tax.

(e) You will be entitled to continue to participate in the Certegy Inc. 401(k) Plan for the three-year period after your Date of Termination. For purposes of the 401(k) Plan, you will receive an amount equal to the

Company's contributions to the 401(k) Plan, assuming you had made contributions to the 401(k) Plan at the maximum permissible level. If the Company cannot contribute those additional amounts to the 401(k) Plan on your behalf because of the terms of the 401(k) Plan or applicable law, the Company will pay to you within five (5) days of the Date of Termination a lump sum amount equal to the additional amounts the Company would have been required to contribute (based upon the terms of the 401(k) Plan as in effect on the Date of Termination).

5.5 No Mitigation Required. You will not be required to mitigate the amount of any payment or benefits provided for in this **paragraph 5** by seeking other employment or otherwise, nor will the amount of any payment or benefits provided for in this **paragraph 5** be reduced by any compensation earned by you, or benefits provided to you, as the result of employment by another employer after the Date of Termination, or otherwise.

5.6 Tax Gross-Up Payment. If any payments or benefits provided pursuant to this Letter or any other payments or benefits provided to you by the Company are subject to an excise tax on an "excess parachute payment" under Section 4999 of the Internal Revenue Code of 1986 (the "Code"), or any successor provision of the Code, or are subject to an excise or penalty tax under any similar provision of any other revenue system to which you may be subject, the Company will provide a gross-up payment to you in order to place you in the same after-tax position you would have been in had no excise or penalty tax become due and payable under Code Section 4999 (or any successor provision) or any similar provision of that other revenue system. Any gross-up payment to which you are entitled as a result of the applicability of an excise tax under Code Section 4999 or any successor provision of the Code, or as a result of any excise or penalty tax under any similar provision of any other revenue system to which you may be subject, will be determined in accordance with a "Policy with Respect to Tax Gross-up Payments" adopted, or which will be adopted, by the Board of Directors (or a Committee of the Board), and once that policy is adopted, no amendment of that policy that adversely affects you will be effective with respect to your rights under this Letter without your written consent.

6. Successors: Binding Agreement.

6.1 Assumption by Company's Successor. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the

Company, by agreement in form and substance reasonably satisfactory to you, to expressly assume and agree to perform this Letter. Failure of the Company to obtain that agreement prior to the effectiveness of any succession will be a breach of this Letter and will entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled under this Letter if you terminated your employment for Good Reason within three (3) years following a Change in Control, except that for purposes of implementing the foregoing, the date on which that succession becomes effective will be deemed the Date of Termination. As used in this Letter, "Company" means Certegy Inc. and any successor to its business and/or assets that executes and delivers the agreement provided for in this **subparagraph 6.1** or that otherwise becomes bound by all the terms and provisions of this Letter by operation of law.

6.2 **Enforcement by Your Successor.** This Letter will inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you die subsequent to the termination of your employment while any amount would still be payable to you pursuant to this Letter if you had continued to live, all those amounts, unless otherwise provided in this Letter, will be paid in accordance with the terms of this Letter to your devisee, legatee or other designee or, if there be no designee, to your estate; that payment to be made in a lump sum within sixty (60) days from the date of your death.

7. **Notice.** For purposes of this Letter, notices and all other communications provided for in this Letter will be in writing and will be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage pre-paid, addressed to the respective addresses set forth on the first page of this Letter, provided that all notices to the Company will be directed to the attention of the Chief Executive Officer of the Company (or if the notice is from the Chief Executive Officer, to the General Counsel of the Company), or to that other address as either party may have furnished to the other in writing in accordance with this **paragraph 7**, except that notice of change of address will be effective only upon receipt.

8. **Modification and Waiver.** No provision of this Letter may be modified, waived or discharged unless that waiver, modification or discharge is agreed to in writing by you and that officer as may be specifically designated by the Board of Directors of the Company. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Letter to be performed by that other party will be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time.

9. **Construction.** This Letter supersedes any oral agreement between you and the Company and any oral representation by the Company to you with respect to the subject matter of this Letter. The validity, interpretation, construction and performance of this Letter will be governed by the laws of the State of Georgia.

10. Severability. If any one or more of the provisions of this Letter or any word, phrase, clause, sentence or other portion of a provision is deemed illegal or unenforceable for any reason, that provision or portion will be modified or deleted in such a manner as to make this Letter as modified legal and enforceable to the fullest extent permitted under applicable laws. The validity and enforceability of the remaining provisions or portions of this Letter will remain in full force and effect.

11. Counterparts. This Letter may be executed in two or more counterparts, each of which will take effect as an original and all of which will evidence one and the same agreement.

12. Legal Fees. If the Company breaches this Letter or if, within three (3) years following a Change in Control, your employment is terminated under circumstances described in **paragraph 4** that entitle you to payments and benefits under **paragraph 5**, the Company will reimburse you for all legal fees and expenses reasonably incurred by you as a result of that termination (including all those fees and expenses, if any, incurred in contesting or disputing the termination or in seeking to obtain or enforce any right or benefit provided by this Letter). Upon presentation to the Company of the invoice for those legal fees and expenses, the Company will reimburse you monthly for those legal fees and expenses.

13. Indemnification. After your termination, the Company will indemnify you and hold you harmless from and against any claim relating to your performance as an officer, director or employee of the Company or any of its subsidiaries or other affiliates or in any other capacity, including any fiduciary capacity, in which you served at the Company's request, in each case to the maximum extent permitted by law and under the Company's Articles of Incorporation and Bylaws (the "Governing Documents"), provided that under no circumstances will the protection afforded to you under this paragraph be less than that afforded under the Governing Documents as in effect on the date of this Agreement except for changes mandated by law. You will continue to receive the benefits of, and be covered by, any policy of directors and officers liability insurance maintained by the Company for the benefit of its directors, officers and employees.

14. Employment by a Subsidiary. Either the Company or a Subsidiary may be your legal employer. For purposes of this Letter, any reference to your termination of employment with the Company means termination of

employment with the Company and all Subsidiaries, and does not include a transfer of employment between any of them. The actions referred to under the definition of "Good Reason" in **subparagraph 4.3** include the actions of the Company or your employing Subsidiary, as applicable. The obligations created under this Letter are obligations of the Company. A change in control of a Subsidiary will not constitute a Change in Control for purposes of this Letter unless there is also a contemporaneous Change in Control of the Company. For purposes of **paragraph 1** and this paragraph, a "Subsidiary" means an entity more than fifty percent (50%) of whose equity interests are owned directly or indirectly by the Company.

If you accept the above terms, please sign and return to me the enclosed copy of this Letter.

Sincerely,

Agreed to as of _____, _____

[Name]

ICBA BANCARD, INC.
and
CERTEGY CARD SERVICES, INC.
2003 RENEWAL SERVICE AGREEMENT

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ICBA BANCARD, INC.
and
CERTEGY CARD SERVICES, INC.
2003 RENEWAL SERVICE AGREEMENT

This 2003 Renewal Service Agreement (“Agreement” or “2003 Renewal Agreement”) is made as of June 1, 2003 (“Effective Date”), by and between ICBA BANCARD, INC. (“Bancard”), a Delaware corporation, and CERTEGY CARD SERVICES, INC. (“Certegy”), a Florida corporation, with reference to the following facts:

RECITALS

Bancard is a corporation engaged primarily in the provision of payment services to A.

financial institutions (the “Bancard Program”).

Certegy is engaged in the business of providing processing for payment services to B.

Financial Institutions (the “Certegy Services”).

C. Bancard, acting as agent for certain community banks that are members of the Independent Community Bankers of America (“Financial Institutions”), has retained Certegy to

provide certain of the Certegy Services (the “Program Services”) to Financial Institutions in the

Bancard Program.

D. Bancard and Certegy are parties to a 1994 Renewal Service Agreement, dated December 12, 1994, as amended December 12, 1996 (First Amendment) and February 15, 2000

(Second Amendment); a Privacy Addendum dated February 1, 2001; and a Letter Agreement dated

September 28, 2001 (collectively, the “1994 Renewal Agreement”) governing the parties’ rights and

obligations with respect to the Program Services provided to Financial Institutions.

E. The term of the 1994 Renewal Agreement expires on December 11, 2004, and Bancard and Certegy now desire to modify, restate and extend the Term of the

1994 Renewal

Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter

contained, and for other good and valuable consideration, the receipt and sufficiency of which are

hereby acknowledged, it is hereby mutually agreed by and between the parties as follows:

1.0 Modification and Restatement. By this Agreement, the parties hereby modify and otherwise restate the terms of the 1994 Renewal Agreement. As of the Effective Date hereof, the provisions of this Agreement supersede the provisions of the 1994 Renewal Agreement and are incorporated into each of the agreements for provision of the Program Services between Bancard and each Financial Institution (the "Financial Services Agreement").

Extension of Term. The term of the 1994 Renewal Agreement, as hereby modified 2.0 and restated, shall expire on March 31, 2008 (the "Renewal Term").

Services. 3.0 3.1 Description. Certegy shall provide to those Financial Institutions identified to it from time to time by Bancard (i) the credit card services described in Schedules "A", "B", "G", "K" and "L" (the "Credit Card Program Services") and the Merchant Services described in Schedule "C" (the "Merchant Program Services"); and (ii) the debit, in-house/pass through and ATM card services described in Schedule "E" (the "Debit Card Program Services"), Schedule "J" (the "Stored Value Card Program Services") and the E-Banking Services as described in Schedule "I" (the "E-Banking Program Service Program"), all of which are attached to, and fully incorporated into, this Agreement. Except as otherwise specifically set forth in this Agreement, Bancard shall use Certegy exclusively for the Credit Card Services and Merchant Program Services described in subsection (i) above. Bancard shall identify to Certegy each Financial Institution with which Bancard has executed a Financial Services Agreement to provide the Credit Card Program Services, Merchant Program Services, Debit Card Program Services, Stored Value Card Program Services and/or E-Banking Program Services.

3.2 Data to Vendors. If a Financial Institution wishes Certegy to provide data pertaining to that Financial Institution to third party vendors, that Financial Institution shall provide written authorization to Certegy and indemnification for claims pertaining to such data transfer and the performance of any such vendors, in a form acceptable to Certegy. In addition, Certegy may require any such vendors to enter into written agreements with Certegy governing the transfer of such data.

Termination. 4.0 By Bancard. Bancard may terminate this Renewal Agreement: 4.1 in the event of the loss or termination, for any reason, of Certegy's (a) right or ability to provide the Program Services; (b) subject to sections 4.9 herein, in the event Certegy commits any material breach of its obligations under this Agreement, and such breach is not cured within thirty (30) days of Certegy's receipt of notice of the breach. A "Material Failure" as defined in section 9.0 herein and an "Adverse Event" as defined in section 4.9 herein, shall each constitute a material breach of this Agreement by Certegy within the meaning and intent of this section;

(c) upon any affirmative act of insolvency by VISA or MasterCard or affiliated networks or upon the filing by VISA or MasterCard or affiliated networks of any action under any reorganization, insolvency or moratorium law, or upon the appointment of any receiver, trustee or conservator to take possession of the properties of VISA or MasterCard or affiliated networks; provided, however, that such an act or event by or relating to VISA or MasterCard or affiliated networks, but not to both, shall not terminate this Agreement with regard to the other, provided Certegy remains able to provide the Program Services to other card associations or networks;

(d) to the extent permitted by applicable law, upon the filing by Certegy of any action under any reorganization, insolvency or moratorium law, or upon the appointment of

any receiver, trustee or conservator to take possession of its properties.

By Certegy. Certegy may terminate this Agreement: 4.2

(a) in the event Bancard commits any material breach of its obligations under this Agreement, and such breach is not cured within thirty (30) days of Bancard's receipt of notice of the breach;

(b) to the extent permitted by applicable law, upon the filing by Bancard of any action under any reorganization, insolvency or moratorium law, or upon the appointment of

any receiver, trustee or conservator to take possession of its properties.

(c) upon any affirmative act of insolvency by VISA or MasterCard or affiliated networks or upon the filing by VISA or MasterCard or affiliated networks of any action

under any reorganization, insolvency or moratorium law, or upon the appointment of any receiver,

trustee or conservator to take possession of the properties of VISA or

MasterCard or affiliated

networks; provided, however, that such an act or event by or relating to VISA or

MasterCard or

affiliated networks, but not to both, shall not terminate this Agreement with

regard to the other,

provided Certegy remains able to provide the Program Services to other card

associations or

networks;

4.3 In the event of termination of this Agreement pursuant to section 4.1(a),

(b),

(c) or (d), or in the event of expiration of this Agreement governed by section 20.2 herein, neither

Bancard nor Financial Institutions shall be required to pay to Certegy the

Termination Fees (defined

in section 4.4 below) or any other fees or charges other than those which may

have become due for

Program Services rendered hereunder prior to the termination or expiration.

4.4 In the event of termination by any Financial institution of the Program Services on Schedule "A", "B", "C", "E", "F", "G", "J", "K" and/or "L" with respect to all or

substantially all of its accounts falling under that Program Service, for any

reason whatsoever other

than upon termination or expiration of this Agreement due to circumstances

described in section 4.3

above, Bancard shall pay to Certegy the following termination fees (the

"Termination Fees"): the

greater of (i) the Deconversion Fees set forth in the applicable Schedule for

the Program Services

terminated or (ii) the sum of (a) an amount equal to the last six (6) months

fees, other than Pass

Through Fees, for the Program Services terminated, other than for Program Services under Schedule “C” and (b) if the Schedule “C” Program Services are terminated, that Financial Institution’s fees, other than Pass Through Fees, for Schedule “C” Services for the preceding three (3) months.

Notwithstanding the above, in the event a Financial Institution only terminates the Services in Schedule “C” and retains the other Program Services being provided under other Schedules, then neither Bancard nor such Financial Institution shall be required to pay Certegy any Termination Fees under Schedule C. For each termination of Program Services by a Financial Institution, Certegy shall provide Bancard a written accounting of the Fees to be assessed, if any, including an explanation of the Fee calculation. Notwithstanding the assessment and collection of the above amounts, nothing in this Agreement shall limit the legal and equitable remedies, which would otherwise be available to Certegy in the event of termination of this Agreement following a material breach of this Agreement by Bancard.

4.5 Cooperation. Upon termination of this Agreement pursuant to section 4.1, Certegy will use its best efforts to assist Bancard in arranging for access to the Program Services on substantially the same terms as are provided in this Agreement so that Financial Institutions may continue receiving similar services without substantial interruption. Certegy and Bancard will cooperate to effect an orderly conversion of accounts and data to a successor card processing institution. As requested by Certegy, Bancard shall cooperate to affect the reclamation of cards, checks and drafts issued in connection with the Program Services. Except as otherwise provided in section 4.9 or 20.4 herein, within fourteen (14) days after the termination of this Agreement, Bancard shall send to each Financial Institution via first class U.S. mail a letter in the form attached hereto as Exhibit 3.

4.6 Rights of Parties to Funds. Upon expiration and non-renewal, or termination of this Agreement for any reason, the respective rights of the parties to funds in any and every account over which more than one party has signature authority shall be governed by the provisions of section 7.0 hereof.

4.7 Notifications. Upon the occurrence of any event noted in sections 4.1 and 4.2 above, the party first having knowledge of such event shall notify the other. Bancard shall require each Financial Institution desiring to terminate the Program Services for reasons other than those in section 4.1 to provide Certegy not less than six (6) months advance written notice.

4.8 Prohibited Solicitation. In the event of termination of this Agreement by Bancard pursuant to section 4.1(b), Certegy agrees that for a period of twelve (12) months from the effective date of termination, Certegy, its subsidiaries and affiliates, on their own behalf or as program administrator for the Financial Institution Benefit Association (“FIBA”) shall not, directly or indirectly, engage in prohibited solicitation (“Prohibited Solicitation”) of Financial Institutions as customers of Certegy, its subsidiaries, affiliates, or as members of FIBA, or as customers of any other entity which is a customer of Certegy, its subsidiaries, affiliates, or is a member of FIBA, without the prior written approval of Bancard; provided, however, that nothing herein shall restrict (i) Certegy’s right to do business with entities which are competitors of Bancard, and (ii) such competitors’ rights to solicit Financial Institutions as customers.

“Prohibited Solicitation” within the meaning of this section means initiating any written or oral communication with Financial Institutions, directly or indirectly, which is, or may be construed by Financial Institution as, a direct or indirect request or inducement to Financial Institutions to continue to receive Program Services from Certegy, its subsidiaries, affiliates, or as a member of FIBA or any other entity which is a customer of Certegy, its subsidiaries, affiliates, or is a member of FIBA, following the expiration or termination of this Agreement, without the prior written consent of Bancard. Prohibited Solicitation shall include, but not be limited to, invitations to educational or other seminars which Certegy, its subsidiaries, affiliates or FIBA sponsor, or in which it or they participate; promotional or other information concerning Certegy, its subsidiaries, affiliates or FIBA, including financial information; and general information concerning services and prices. Prohibited Solicitation shall not include changes in services or prices as permitted under this Agreement and information needed by Financial Institutions in order for Certegy to effect the deconversion of Financial Institutions.

4.9 Adverse Events. In the event that during the Renewal Term Bancard reasonably determines that specific acts or events (“Adverse Events”) by Certegy or its subsidiaries or affiliates, have adversely affected, or would adversely affect, to a substantial degree, (i) the goodwill and reputation of Bancard with members of the Independent Community Bankers of America (“ICBA”), and (ii) Bancard’s business, and that such adverse effect would continue if Bancard continued its relationship with Certegy under this Agreement, Bancard shall notify Certegy of its intention to terminate this Agreement. In such event Certegy and Bancard shall make every good faith effort to mutually overcome the effects of the Adverse Event. If the matter is not resolved to the satisfaction of Bancard within sixty (60) days after such notice, the issue of whether an Adverse Event has occurred shall be submitted to binding arbitration pursuant to the provisions of section 18 hereof. It is agreed, however, that this section 4.9 cannot be used to terminate this Agreement because Certegy has exercised its rights against a Financial Institution or taken action on behalf of Bancard against a Financial Institution pursuant to Certegy’s rights under this Agreement.

If Certegy accepts Bancard’s notice of its desire to terminate, or if the arbitrators determine that an Adverse Event has occurred, then the effective date of termination shall be one (1) year from the date of such notice or from the date on which the arbitration award is rendered, as the case may be, or such other date as the parties mutually agree. Within fourteen (14) days after Certegy’s acceptance of Bancard’s notice or the rendering of the arbitration award, as the case may be, Bancard shall send to each Financial Institution via first class U.S. mail a letter in the form attached hereto as Exhibit 3. An Adverse Event under this section 4.9 shall be deemed to be a material breach of this Agreement within the meaning and intent of section 4.1(b) herein.

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Fees. 6.0

6.1 Scheduled Fees. In consideration for provision of the Program Services to Financial Institutions by Certegy, Bancard shall be responsible for all Financial Institutions paying

to Certegy the fees set forth in Schedules "A", "B", "C", "E", "G", "J", "K", "L", and "I" of Exhibit 1 attached to this Agreement (the "Scheduled Fees"). The Scheduled Fees shall be effective as of the dates shown on each Schedule and shall remain in effect until changed pursuant to the terms of this Agreement. Bancard shall indemnify and hold Certegy harmless from any and all losses incurred as the result of a Financial Institution's failure or refusal to pay Certegy any uncontested Scheduled Fees.

6.2 Settlement of Fees. For those Program Services for which Certegy settles daily for Program Members, processing fees shall be settled each banking day for the applicable transactions and shall be payable by deduction from the applicable Financial Institution's daily settlement amount. Fees for all other Program Services shall be invoiced monthly, payable ten (10) days after the invoice date. In no event will any sums due Certegy under section 4.3 or 4.4 hereof be deducted by Certegy from any settlement account, BIN, ICA or otherwise.

6.3 Bancard's Financial Responsibility. As to Certegy, as agent for the Financial Institutions, Bancard assumes financial responsibility for all VISA and MasterCard transactions processed into and out of its, or a Financial Institution's, Base Identification Number (BIN) Account and its, or a Financial Institution's, Interbank Card Association (ICA) Account including, but not limited to, counterfeit transactions and fraudulent transactions. Bancard shall indemnify Certegy for any and all losses Certegy incurs related to such transactions, which losses were not caused by Certegy's actions or omissions in performance of the Program Services. Certegy is expressly prohibited from using Bancard's, or a Financial Institution's, BIN or ICA Account for the benefit of any person or organization other than Financial Institutions in the Bancard Program, or for any purpose other than processing transactions for such Financial Institutions, without the prior express written consent of the applicable VISA or MasterCard principal member.

6.4 Time Frame for Merchant Settlement. Certegy shall remit to the Settlement Account the amount of all VISA and MasterCard merchant transactions from each Financial Institution no more than four (4) business days following Certegy's receipt of such merchant VISA and MasterCard transactions from a Financial Institution, except for delays resulting from those events provided for in section 34.0 herein.

6.5 Fee Increases. Certegy may make a one-time adjustment to the Scheduled Fees at any time during the final twenty-four (24) months of the Renewal Term in accordance with the requirements of section 6.5.1 below; provided, however, that (i) no such Fee increase may be made if a "Material Failure" which has not been cured, as defined in section 9.1 below, has occurred during the four (4) calendar quarters immediately preceding Certegy's notice of proposed Fee increase; and (ii) Certegy may implement adjustments of those fees over which Certegy has no control ("Pass Through Fees") and which are identified as such in the Scheduled Fees, at any time during the Renewal Term of this Agreement. Certegy shall notify Bancard of any Pass Through Fee increase at least thirty (30) days prior to the date Certegy implements such increase.

6.5.1 Certegy may implement increases of the Scheduled Fees by a percentage which is equal to or less than the sum of (i) the amount by which the Percentage Increase (defined in section 6.5.4 below) exceeds two percent (2%), but is not more than six percent (6%);

and (ii) one-half of the amount by which the Percentage Increase exceeds six percent (6%). Certegy shall notify Bancard of any such fee increase at least one hundred eighty (180) days prior to the date Certegy implements such increase.

6.5.2 The following definitions shall apply to this section 6.5: "Index" shall mean the Consumer Price Index for All Urban Consumers (1967 = 100), specified "All Items", relating to Tampa, Florida and issued by the Bureau of Labor Statistics of the United States Department of Labor. If the Index in its form as of the Effective Date hereof is discontinued, or if the basis on which it is now calculated shall be revised, the parties shall make an appropriate conversion to such revised Index on the basis of conversion factors published by the Bureau of Labor Statistics; if such conversion factors are not published, either party may request the Bureau of Labor Statistics to provide, when needed, an appropriate conversion or adjustment which shall be applicable thereafter; or if the Bureau of Labor Statistics shall be unable or unwilling to provide such appropriate conversion or adjustment, then the parties shall, in good faith, agree on a suitable substitute for the Index.

6.5.3 "Base Index" shall mean the Index established for the month in which the prices on the Schedule that Certegy seeks to adjusted became effective; and (ii) for any subsequent increase, the Index in the month that was the Comparative Month in the last applicable increase.

6.5.4 "Percentage Increase" shall mean the percentage equal to the fraction, the numerator of which shall be the Index in the Comparative Month less the Base Index, and the denominator of which shall be the Base Index.

6.5.5 "Comparative Month" shall mean the most recent month for which the Index has been published prior to Certegy providing notice of the increase, which Comparative Month shall be deemed the month of the last increase for purposes of establishing the new "Base Index" for any future increase.

6.6 Most Favored. If during the Renewal Term, Certegy signs a new or renewal contract for services similar to Credit Card Program Services and Merchant Program Services with any other association of financial institutions which has approximately the same or comparable Credit Card and Merchant transaction volumes for approximately the same or comparable group of services and levels of support as the Credit Card and Merchant Program Services and support being provided to the Bancard Program, then within fifteen (15) business days after that contract is signed or made public (in the case of a contract which is required to be publicly disclosed), Certegy shall give Bancard written notice of that fact and shall provide a schedule of the basic terms that will govern the credit card and merchant services to be provided and the rates, including any provisions for rate increases or decreases, to be charged to the members of that other association (the "Rate Structure"). Bancard shall have the right to elect to have the Rate Structure substituted for Bancard's then current rates and terms, which election it may make only by giving written notice to Certegy within thirty (30) days following receipt of the Rate Structure from Certegy; provided, however, that Certegy then shall be entitled to provide the Program Services on the same basic terms under which they are being provided to the other association. If Bancard elects the other association's Rate

Structure, it shall become effective on a reasonable date to be mutually agreed by the parties, which date shall be at least thirty (30) days from Bancard's election and which shall be the first calendar day of a month.

Other Services. Certegy may perform services for Bancard or the Financial Institutions which are not included in this Agreement at prices to be mutually agreed by Certegy and Bancard prior to the performance of such services, and shall be documented by means of a written amendment to this Agreement. Certegy shall not be responsible or obligated for any services

Bancard provides to Financial Institutions which are not included in this Agreement including, but not limited to, advertising, research and development, taxes allocated to property owned by Bancard, and insurance.

Program Clearing, Settlement and Payment Accounts. 7.0

7.1 Program Clearing Account. As agent for Financial Institutions, Bancard shall maintain a demand deposit account (the "Program Clearing Account" or "PCA") for daily settlement of transactions, charges and reimbursements.

7.1.1 Access. Certegy may access the PCA for the following purposes:

daily settlement of all VISA and MasterCard cardholder (a)

amounts due to/from VISA and MasterCard; and

daily settlement of fees due Certegy for the transactions (b)

previously processed; and

(c) monthly settlement of fees and charges due Certegy, other than processing fees, such access permitted not less than ten (10) days after the invoicing of such fees and charges to Bancard; and

(d) daily settlement of all dues, fees, assessments and other charges due Certegy for, without limitation, the combined warning bulletin fees, interchange fees, VISA

and/or MasterCard Association fines or other charges, if any, and assessments; and

(e) daily payment of any interest due Certegy for funds Certegy paid to VISA or MasterCard on behalf of Bancard that Bancard did not have available to Certegy in the PCA ("PCA Shortfall"). Bancard shall pay Certegy interest at the base rate charged by the clearing bank for the Bancard Program, plus one percent (1%) for all PCA Shortfall; and
daily investment for Bancard's benefit of surplus funds in the (f) PCA.

7.1.2 Minimum Balance. For Credit Card Program Services and Debit Card Program Services, Bancard shall maintain at all times in the PCA a minimum balance ("Minimum

Balance") equivalent to the product of the following equation:

[The anticipated average aggregate cardholder base for all Financial Institutions for the next ninety (90) days or two hundred (200), whichever is greater] x 2.5 (anticipated transactions per cardholder account per month) x 52 (anticipated average transaction amount) ÷ 21.5 (average business days per month) x 3. The elements of the above equation shall be adjusted quarterly by Certegy, or more often if deemed necessary by Certegy and Bancard, based on the actual volume of the previous month and seasonal factors, in all cases with advance written notice to Bancard.

Settlement. 7.2

7.2.1 Settlement Account. Bancard shall require each Financial Institution to maintain at all times a demand deposit account (the "Settlement Account" or "SA") for the purpose of replenishing the PCA so that an amount no less than each Financial Institution's pro rata share of the Minimum Balance is maintained at all times. Bancard and/or Certegy through the Automated Clearing House ("ACH") or wire transfer at Bancard's expense, may access each SA on a daily basis to transfer to the PCA a sum equivalent to the product of the following equation:

[Financial Institution's anticipated cardholder base for the next ninety (90) days or two hundred (200), whichever is greater] x 2.5 (anticipated transactions per cardholder account per month) x 52 (anticipated average transaction amount) ÷ 21.5 (average business days per month) x 3 (average number of the days required for clearance of transfers from Financial Institutions into the PCA).

The elements of the above equation shall be adjusted quarterly by Certegy, or more often if deemed necessary by Certegy and Bancard, based on the actual volume of the previous month and seasonal factors, in all cases with advance written notice to Bancard and each Financial Institution. Bancard shall require each Financial Institution to maintain at all times in the SA an amount equal to the product of the equation expressed above in this section 7.4, as adjusted from time to time.

7.2.2 Settlement to Financial Institutions processing on BASE2000.

Financial Institutions receiving Certegy Services under Schedules "K" or "L" shall each establish a Settlement Account in the Financial Institution's name to enable VISA and/or MasterCard to settle transactions, dues, fees, assessments and other amounts directly to the Financial Institution Settlement Account. The Financial Institution shall maintain sufficient balances in the Settlement Account to enable such VISA and/or MasterCard settlements. Neither Bancard nor Certegy shall bear any responsibility or liability for funding of the Financial Institution's Settlement Account.

7.3 Payment Account. As agent for Financial Institutions, Bancard shall establish a demand deposit account for deposit of payments made to Bancard and Financial Institutions ("Payment Account"). Certegy may access such Payment Account to deposit payments received from cardholders and to transfer sums to the appropriate Financial Institution Settlement Account.

7.4 Reporting. Certegy shall furnish to Bancard on a monthly basis (a) detailed information including bank statements and reconciliation statements for the PCA; (b) a monthly statement of each day's interchange fees; and (c) such data as may be reasonably requested by Bancard and/or any Financial Institution. Certegy also shall furnish to each Financial Institution daily statements of settlements with VISA, MasterCard and Certegy.

7.5 Audit. Bancard shall have the right to receive an annual Statement from Certegy's outside certified public accounting firm, at Certegy's expense, in the form such Statement is normally prepared for Certegy's regular audits, which confirms that the firm has examined Certegy's operations and that the reports furnished to Bancard and Financial Institutions are accurate and based upon generally accepted accounting principles.

Additional Obligations of Financial Institutions. Each Financial Institution is bound 8.0

by the following provisions as of the Effective Date of this Agreement:

8.1 Right to Refuse Merchants. Financial Institution shall not enroll merchants for participation in the VISA and/or MasterCard systems through Bancard or Certegy if such merchants are within the categories of merchants designated by Bancard and/or Certegy from time to time as "high-risk merchants". Bancard or Certegy shall have the right to refuse to enroll, and may terminate the enrollment of, any merchant, in its sole and absolute discretion, that enrolling, or failing to terminate, such merchant would create excessive risk for Bancard and/or Certegy.

8.2 Right to Refuse Transactions. In the event that either Bancard or Certegy determines, in its sole and absolute discretion, that the risks related to the credit card sales drafts introduced by any merchant enrolled by any Financial Institution are excessive, then Bancard or Certegy may refuse to accept and process such transactions. Bancard or Certegy shall promptly notify Financial Institution of its refusal to accept and process transactions from any such merchant.

8.3 Card Association Requirements. Financial Institution shall comply with all VISA and/or MasterCard and Network requirements for enrolling new merchants including, but not limited to, the performance of a credit check and/or other financial background investigation; a physical inspection of the merchant's place of business; and an investigation to determine whether the merchant previously has been expelled from the VISA and/or MasterCard systems by another Financial Institution for fraud, suspected fraud or failure to meet its financial responsibilities. Financial Institution shall examine the sales drafts contained in sealed merchant deposits before forwarding such deposits to Certegy in order to detect possible fraud and other irregularities.

8.4 Indemnification. Notwithstanding any other provision of this Agreement to the contrary, Financial Institution shall indemnify and hold harmless Certegy and Bancard, and their respective stockholders, officers, directors, employees, agents, affiliates, subsidiaries, successors and assigns (the "Indemnified Parties"), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, fees, including reasonable attorney fees, or disbursements of any kind or nature whatsoever (the "Losses"), which may be suffered by, imposed on, incurred by, or asserted against the Indemnified Parties in any way relating to, or arising

out of, any merchant deposit of VISA or MasterCard credit card or debit card sales drafts ("Sales Drafts") which arise from transactions from merchants enrolled by Financial Institution or an agent institution of Financial Institution for the Merchant Program Services provided pursuant to this Agreement and/or the Financial Services Agreement, including counterfeit or fraudulent transactions, credits processed by a merchant, or any chargebacks of Sales Drafts. Certegy shall be a third-party beneficiary of the indemnities in this section, and if Certegy brings any lawsuit, arbitration or other action against Financial Institution to enforce the provisions of this section, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs in connection with the action.

8.5 Right to Utilize Certain Funds. Bancard and/or Certegy shall have the right to utilize any amounts payable to Financial Institution as a result of transactions in the MasterCard and/or VISA systems in payment of, or to reimburse Bancard or Certegy for, chargebacks or any other amounts payable by, or any other Losses resulting from, the activities of any merchants enrolled by Financial Institution or an agent institution of Financial Institution. Financial Institution acknowledges that Certegy is a third party beneficiary of all Bancard rights in the Financial Services Agreement, and that Certegy is entitled to exercise all rights given to it pursuant to this section to, among other things, apply incoming amounts to offset or recover amounts due on fraudulent transactions introduced into the MasterCard and/or VISA systems by merchants enrolled by Financial Institution or an agent institution of Financial Institution. Financial Institution specifically agrees that the rights of Bancard and Certegy and the obligations of Financial Institution hereunder shall survive the expiration or earlier termination of this Agreement.

Quality Control Standards. 9.0

9.1 Compliance Requirements. Certegy shall maintain the Quality Control Standards set forth in Exhibit 2 attached hereto (the "Standards"), which shall apply as appropriate and as indicated on Exhibit 2, beginning on the Effective Date, to the Program Services on the Schedules to Exhibit 1. At the end of each calendar quarter, Certegy and Bancard shall review Certegy's performance for that quarter in light of the Standards. To facilitate such review, Certegy shall provide Bancard with internally generated monthly reports on which the review can be based, along with a certification by a Certegy officer verifying their accuracy. For purposes of measuring Certegy's compliance with the requirements of this section, the "Standards" designated as "material standards" shall be deemed to be "Material Standards" for the purposes of this Agreement. Certegy's failure to meet one or more Material Standards, or three (3) or more of the other Standards, in any calendar quarter, shall be deemed a "Material Failure." In the event of a Material Failure, Certegy shall take those steps necessary to cure that specific Material Failure within the thirty (30) day period following notice by Bancard to Certegy of the Material Failure. The test period to determine whether such cure has been accomplished shall be the thirty (30) day period following the thirty (30) day period for cure referred to above. In the event that the Material Failure has not been cured as evidenced by Certegy's reports thereon, subject to Bancard's right of inspection and audit, Certegy shall have committed a "material breach" of its obligations hereunder which has not been cured within the meaning and intent of section 4.1(b) hereof.

9.2 Right to Audit. On reasonable notice during normal business hours, Bancard representatives shall have the right, at Bancard's expense, to inspect and audit information and records in Certegy's possession or control pertaining to Certegy's compliance with the Standards; provided that Certegy shall have the right to receive and comment on any report prepared by any representative of Bancard in connection with any such inspection or audit prior to its dissemination to Financial Institutions or other third parties.

9.3 Joint Review and New Card Processing Systems. Bancard and Certegy agree to review the Standards and make amendments as agreed. The parties jointly shall make reasonable modifications to the Standards when needed to apply to any new card processing system or platform implemented by Certegy during the Renewal Term. Those modifications shall take into account the differences in capability and function of any such new system.

9.4 Filing and Reporting Requirements. On Bancard's behalf, Certegy agrees to comply with all Visa and MasterCard filing and reporting requirements imposed on Bancard, as a result of Program Services. Certegy's assistance to Bancard with filling and reporting requirements occasioned by the Bancard Program not resulting from Certegy Services shall be subject to the parties agreement on applicable terms and fees.

10.0 System Enhancements. Bancard and Certegy will negotiate a schedule of specific system enhancements that Certegy will provide at no additional cost to Bancard or the Financial Institutions. The parties will set forth that schedule and the terms applicable to the provision of those enhancements in an amendment to this Agreement. Further, during the Renewal Term, if Bancard requests other enhancements or changes to the Program Services, then Certegy and Bancard will negotiate whether and upon what terms Certegy will provide those enhancements or changes, including additional fees which Certegy may charge. Certegy reserves the right to make any changes to the Program Services so long as Bancard will continue to be able to meet its obligations to the Financial Institutions and their customers.

11.0 Confidentiality.

11.1 Each of the parties to this Agreement agrees to hold as secret and confidential information, reports, plans, customer lists, documents, drawings, writings, samples, statements, audit reports, software, manuals, know how and other proprietary material ("Confidential Information") received from the other party. "Confidential Information" shall also include information and data concerning the business, activities, operations, financial results, properties or management of the Financial Institutions or their customers prepared by or for Certegy, or used in any way by Certegy in connection with the provision of Program Services to Financial Institutions and their customers, whether or not Financial Institutions and their customers are therein identified by name. All Confidential Information provided from one party to the other shall remain the property of the disclosing party. For purposes of this section 11.0, Confidential Information shall not include information which becomes available to the public through no wrongful action of the receiving party; which may be published prior to the date hereof; which is already in the possession of the receiving party and not subject to an existing agreement of confidence between the parties; which is received from a third party without restriction and without breach of this Agreement; which is independently

developed by the receiving party; or which is disclosed pursuant to a requirement or request from a government agency. This Agreement shall in no way be construed to grant any right, license, or authorization to either party to use Confidential Information except as permitted in this Agreement.

Each party shall restrict Confidential Information received from the other party to those employees and persons in the receiving party's organization with a need to know such Confidential Information in order to provide the Program Services hereunder. Such employees or persons shall be under the same obligations to hold secret and confidential such Confidential Information as provided herein.

Certegy may disclose Confidential Information to its third-party vendors or contractors as necessary to provide the Program Services under this Agreement. Before disclosing Confidential Information to such third-party vendors or contractors, Certegy shall first secure the written agreement of such vendors or contractors to protect and limit the use of such Confidential Information as provided herein. The obligations of the parties hereunder shall survive the expiration or earlier termination of this Agreement.

11.2 Bancard and Certegy agree as follows regarding the use to be made of, and the protections to be provided to, Confidential Information, including non-public financial information that is personally identifiable to a customer of a Financial Institution (referenced in the Gramm-Leach-Bliley Act (the "GLB Act"), as "Non-public Personal Information" or "NPI"), which is disclosed to Certegy to enable it to provide the Program Services to Financial Institutions:

11.2.1 NPI shall be treated as Confidential Information under section 11.1 of this Agreement;

11.2.2 All Confidential Information provided to or acquired by Certegy in the course of providing Program Services to a Financial Institution shall be used only for the provision of the Program Services, unless lawful disclosure is authorized in writing by that Financial Institution. Certegy shall not disclose Confidential Information to any person not affiliated with the Financial Institution, except as necessary to provide the Program Services or if such disclosure would be lawful if made directly by the Financial Institution;

11.2.3 When contracting with third parties to assist in providing the Program Services to Financial Institutions ("Third Party Vendors"), Certegy shall require those Third Party Vendors to comply with the same, or substantially similar, confidentiality and privacy obligations as apply to Certegy under this Agreement;

11.2.4 Certegy shall restrict its employees' access to Confidential Information to those employees who need to know the Confidential Information in order to provide the Program Services to Financial Institutions;

11.2.5 Certegy shall maintain physical, electronic and procedural safeguards that comply with the applicable laws and regulations concerning NPI, to prevent unauthorized and unlawful disclosure;

11.2.6 Bancard shall require each Financial Institution to comply with the GLB Act including, but not limited to, providing the privacy notices to each customer of each

Financial Institution;

11.3 Upon the expiration and non-renewal, or earlier termination of this Agreement, or at the expiration or termination of any Financial Institution's Financial Services

Agreement, each party, including each Financial Institution, shall return to the disclosing party all

copies of Confidential Information received from the other, or shall deliver a certificate signed by

an officer of the party certifying that such Confidential Information has been destroyed.

11.4 Annual Review. Each year upon Bancard's request, or upon the written request of a Financial Institution, Certegy shall provide to Bancard or the requesting Financial

Institution, a copy of the most recent third party auditors' review and report on the design and

compliance test of Certegy's processing system.

12.0 Data Transmission. Financial Institution, at its expense, shall be responsible, and

shall bear the risk of loss or damage, for transmission of information and data ("Data") to and from

Certegy's data processing center. In the case of physical transmission, Financial Institution shall

bear the risk of loss and damage to the point where and until Certegy signs a receipt for the Data, and

in the case of electronic transmission, until Certegy confirms receipt.

Certegy's responsibility for

the safekeeping and security of plastics commences upon the delivery of such plastics to Certegy and

terminates upon delivery of plastics by Certegy to the U.S. mail, courier or freight representatives

designated by Financial Institution.

13.0 Records Inspection. Information and records concerning Bancard or the Financial

Institutions in the possession of Certegy shall be available for inspection and audit by representatives

of Bancard and each of the Financial Institutions upon presentation of written authorization, upon

reasonable notice and during normal business hours. Information and records in the possession of

Certegy concerning a Financial Institution or a customer of a Financial Institution, shall be available

for inspection and audit by representatives of such Financial Institution upon presentation of written

authorization, upon reasonable notice and during normal business hours.

14.0 Changes to the Program Services. Should Bancard request a change in any of the

Program Services that would require modification of hardware or software utilized by Certegy, then

Certegy and Bancard agree to negotiate whether and upon what terms and conditions such

modifications shall be provided, if at all. Certegy reserves the right to make changes to the Program

Services so long as Bancard will continue to be able to meet its obligations to Financial Institutions

and their customers.

15.0 Government Inspection. Certegy shall permit those governmental agencies which

regulate and examine Bancard and the Financial Institutions to examine Certegy, its books and

records, to the same extent as if the Program Services were being performed by Bancard or the

Financial Institutions on its own premises.

16.0 Insurance.

16.1 Forms and Limits. Certegy represents that it has the following minimum limits of insurance coverage currently in effect ("Insurance Coverage") and that premiums therefor shall be paid when due:

Limits Forms

500,000 \$ General Liability - Basic (a)

\$ 15,000,000 General Liability - Excess

5,000,000 \$ Errors and Omissions (b)

1,500,000 \$ EDP Extra Expense (c)

50,000 \$ Employee Dishonesty - Basic (d)

5,000,000 \$ Employee Dishonesty - Excess

Upon Bancard's request, Certegy annually will provide certificates of coverage evidencing the

Insurance Coverage.

16.2 Maintenance of Policies and Endorsements. Certegy agrees to maintain the Insurance Coverage at no less than the above-stated minimum Limits during the Renewal Term and

any subsequent renewal terms, between Certegy and Bancard.

Certegy shall maintain Endorsements naming Bancard as Loss Payee, as agent for Financial Institutions, on all Certegy insurance policies which provide coverage for losses incurred

by Financial Institutions resulting from, or arising out of, employee dishonesty. The Endorsements

shall be in a form acceptable to Bancard.

16.3 Involuntary Changes of Coverage. Should the Insurance Coverage, or any portion thereof, be involuntarily terminated or modified without the consent of Certegy, Certegy

shall replace such terminated or modified portions of the Insurance Coverage prior to final

termination or modification, or as soon thereafter as commercially possible. In the event of

involuntary termination or modification, Certegy shall notify Bancard immediately, but in no event

later than three (3) days following receipt of notice by the Chief Financial Officer of Certegy of the

termination or modification.

16.4 Premium Expense not a Defense. It is expressly understood and agreed that premium expense shall not be a valid reason for Certegy's failure to maintain, renew, replace or selfinsure

the Insurance Coverage.

16.5 Consent to Change Coverage. It is expressly understood and agreed that Certegy may not reduce the Limits below those stated above or discontinue or terminate the

Insurance Coverage for any reason without prior notice to, and the express written consent of,

Bancard, which consent shall not be unreasonably withheld.

17.0 Backup Provisions. Certegy will maintain dual Central Processing Units in its

computer data center, will provide off-premises secured storage of data and program files as required

by VISA, MasterCard and applicable state and federal regulations, and will have available redundant

sources of electrical power. In the event Certegy is prevented from performing its obligations under

this Agreement through no fault of its own, Certegy shall, through its own facilities, or suppliers of

computer equipment, and/or other processors, provide processing services for the Program Services

of a quality of care, priority and attention equivalent to that available for Certegy's own work and

shall provide such processing services as promptly as is reasonably possible, but in no event later

than twenty-four (24) hours after interruption of Certegy's performance.

18.0 Arbitration.

18.1 Initiation. All disputes between the parties which are to be resolved by arbitration as provided hereunder, shall be conducted as hereinafter described.

Either party may

institute arbitration by giving written notice to the other party of its intention to arbitrate, which

notice shall contain the name of the arbitrator selected by the party instituting arbitration, the nature

of the controversy, the remedies sought and any other pertinent matter. Within thirty (30) days after

the giving of such notice, the other party may submit to the initiating party the name of an arbitrator

whom it has appointed and may submit an answering statement. Within ten (10) days thereafter the

two arbitrators so appointed shall in good faith select a neutral third arbitrator; the three arbitrators

so selected shall resolve the controversy. If the two arbitrators are unable to agree upon a neutral

third arbitrator within the ten (10) day period, the third arbitrator shall be appointed by the American

Arbitration Association in accordance with its then existing commercial arbitration rules. If the other

party shall refuse or neglect to appoint an arbitrator within the requisite thirty (30) day period, the

arbitrator appointed by the initiating party shall be empowered to proceed to arbitrate and determine

the fact or matter in controversy as the sole arbitrator, and his award in writing shall be final,

conclusive and binding upon the parties. The arbitrators nominated or appointed hereunder shall not

be parties or affiliates of a party, or associated with, or employed by, or have the status of, supplier

of goods or services to a party or affiliate of a party.

18.2 The Proceedings. Prior to rendering their decision, the arbitrators shall afford

each of the parties an opportunity, both orally and in writing, to present any relevant evidence and

to present arguments in connection with the matter in arbitration; provided, however, that the formal

rules of evidence applicable to judicial proceedings shall not apply; and further provided, that any

party submitting written materials shall be required to deliver a copy of the same to the other party

concurrently with the delivery thereof to the arbitrators, and such other party shall have the

opportunity to submit a written reply, a copy of which will be delivered to the other party

concurrently with the delivery thereof to the arbitrators. Oral argument shall take place only at a

hearing before all of the arbitrators at which all parties are afforded a reasonable opportunity to be

present and to be heard.

Unless the time is extended by a majority of the arbitrators, they shall submit their determination in writing within sixty (60) days after the third arbitrator is selected, or if only one arbitrator is acting, within sixty (60) days after the single arbitrator becomes empowered to act alone.

If there are three arbitrators selected, as provided above, an award in writing signed by any two of them shall be final, conclusive and binding upon the parties. Any award made pursuant to arbitration may be entered as a judgment by any court of competent jurisdiction upon the application of any party to said arbitration.

18.3 Alternating Venues. If arbitration is required to resolve any disputes between the parties arising under or out of this Agreement, the proceedings to resolve the first such dispute shall be held in Tampa, Florida, the proceedings to resolve the second such dispute shall be held in Washington, D.C., and the proceedings to resolve any subsequent disputes shall alternate between Tampa, Florida and Washington, D.C.

18.4 Costs and Legal Fees. Each party shall bear its own costs and expenses of arbitration, except that the fees, costs and expenses of the arbitrator(s) shall be equally divided.

However, upon application by either party, the arbitrator(s) may award any or all of the total costs and expenses of arbitration, including legal fees, to one party or may apportion them between the parties.

19.0 MasterCard/VISA Requirements.

19.1 Use of Trademarks.

19.1.1 Certegy shall not use any of the MasterCard trademarks and/or VISA Card Program Marks (collectively referred to hereafter as "Marks") unless a Financial Institution is prominently identified by name and city adjacent to such Marks. No such material may identify Certegy unless Certegy is prominently identified as an agent or representative of a Financial Institution.

19.1.2 Certegy shall have no authority to permit use of the Marks by any of Certegy's agents.

19.1.3 Certegy shall indemnify and hold harmless VISA, Bancard and Financial Institutions from any liability, loss, damage or expense of any kind including reasonable attorneys' fees, resulting from any failure by Certegy to comply with all applicable VISA Bylaws and rules and any regulations, procedures or guidelines, as amended from time to time, including the requirements of this section 19.0.

19.2 Solicitation Material. Any solicitation material used by Certegy shall disclose that the subsequent cardholder and/or merchant agreements are between the Financial Institution and the individual cardholder and/or merchant.

19.3 MasterCard Member Service Provider Requirements.

19.3.1 Certegy agrees to fully comply with all applicable MasterCard Bylaws and Rules and any operational regulations, procedures or guidelines

(collectively referred to hereafter

as "Rules") established from time to time by MasterCard.

19.3.2 Certegy has registered with MasterCard as a Member Service Provider ("MSP") and has submitted a signed MSP Agreement to MasterCard.

19.3.3 Certegy will indemnify and hold harmless MasterCard, Bancard and Financial Institutions from any liability, loss, damage or expense of any kind, including reasonable

attorneys' fees, resulting from any failure by Certegy to comply with the Rules, as amended from

time to time, including the requirements of this section 19.0.

19.3.4 Certegy shall disclose to Bancard the identity and location of all of its sales locations and any other MSP or independent party performing part or all of the services Certegy

is contracting with Bancard to provide.

19.3.5 In the event of any inconsistency between any provisions of this section 19.0 and the Rules, the Rules in each instance shall apply.

19.3.6 In addition to the provisions of sections 4.1 and 4.2 above, this Agreement may be terminated by Bancard in the event of a material breach by Certegy of the Rules

applicable to the Program Services provided by Certegy, and is terminated automatically in the event

of termination of Bancard's applicable MasterCard license and/or its membership in MasterCard.

19.4 Certegy will provide the Member Bulletins and other materials and services to Financial Institutions required by VISA (Group Membership) and MasterCard.

20.0 Further Renewal of Agreement.

20.1 Negotiation of Renewal; Notice of Non-renewal. On or before March 31, 2007, Certegy and Bancard shall commence good faith negotiations with each other regarding the

terms of a renewal of this Agreement. In the event Bancard determines not to renew this Agreement,

Bancard shall provide written notice thereof to Certegy on or before September 30, 2007. If this

Agreement is not renewed and expires by its own terms, then the applicable provisions of sections

20.2 and 20.3 below shall apply.

20.2 Non-renewal for Failure to Comply with Standards Provisions. If Bancard does not renew this Agreement because of Certegy's failure to cure a Material Failure in accordance

with the requirements of section 9.0 of this Agreement as evidenced by Certegy's reports thereon, subject to Bancard's inspection and audit ("Certegy Failure to Cure"), Certegy agrees that through

March 31, 2009, Certegy, its subsidiaries and affiliates, on their own behalf or as program

administrators for FIBA, shall not, directly or indirectly, engage in Prohibited Solicitation (as defined

in section 4.8 of this Agreement) of Financial Institutions as customers of Certegy, its subsidiaries,

affiliates or as members of FIBA, or as customers of any other entity which is a customer of Certegy, its subsidiaries, affiliates or FIBA, without the prior written approval of Bancard; provided, however, that nothing herein shall restrict (i) Certegy's right to do business with entities which are competitors of Bancard; and (ii) such competitors' rights to solicit Financial Institutions as customers.

20.3 Non-renewal for Other Reasons. If Bancard does not renew this Agreement because of reasons other than a Certegy Failure to Cure, then Bancard shall not enter into a processing agreement with any other company without having first made an offer to Certegy to enter into an agreement on the same or better terms and conditions as such other company is offering to Bancard (the "Competitive Bid"). "Competitive Bid" shall mean each and every provision of the proposed agreement by the other company. The Competitive Bid shall be given to Certegy in writing with a copy of the terms and conditions such other company (which shall be named) is offering; provided, however, that such other company need not be named if such other company desires, or is obligated under applicable securities laws and regulations, to keep its identity confidential. Within fifteen (15) days after receipt of the Competitive Bid from Bancard, Certegy may, at its option, elect to accept Bancard's offer and enter into an agreement with Bancard or may offer Bancard other terms and conditions ("Counter-Proposal") than those contained in the Competitive Bid and, within fifteen (15) days after receipt of the Counter-Proposal, Bancard may elect to enter into an agreement with Certegy. If the offer is not accepted by Certegy or if Certegy's Counter-Proposal is not accepted by Bancard, (i) Bancard may enter into an agreement with such other company in strict accordance with the Competitive Bid, and (ii) for the twelve (12) month period following the expiration and nonrenewal of the Agreement, Certegy, its subsidiaries and affiliates and FIBA, shall not, directly or indirectly, engage in Prohibited Solicitation (as defined in section 4.8 above) of Financial Institutions as customers of Certegy, its subsidiaries, affiliates or FIBA, or as customers of any other entity which is a customer of Certegy, its subsidiaries, affiliates or FIBA, without the prior written approval of Bancard; provided, however, that nothing herein shall restrict (i) Certegy's right to do business with entities which are competitors of Bancard, and (ii) such competitors' rights to solicit Financial Institutions as customers.

20.4 Non-renewal Letter to Financial Institutions. If this Agreement is not renewed in accordance with section 20.2 or 20.3 hereof, then within fourteen (14) days after either (i) the date notice of non-renewal is given by Bancard in accordance with section 20.2, or (ii) the earlier of the date Certegy notifies Bancard that it does not accept Bancard's offer or the expiration of the fifteen (15) day period described in section 20.3, whichever is applicable, Bancard shall send to each Financial Institution via first class U.S. mail a letter in the form attached hereto as Exhibit 3.

20.5 No Effect on Other Certegy Services. Notwithstanding the provisions of sections 4.8, 20.2 and 20.3 or any other provision of this Agreement to the contrary, a "Prohibited Solicitation" shall not include, and no Certegy company shall be prohibited from, marketing and providing services other than VISA or MasterCard credit, debit or merchant processing or related enhancement services. A "Prohibited Solicitation" also shall not include the E-Banking Services or any other services provided by Certegy E-Banking.

21.0 Disposal of Records. Upon expiration or earlier termination of this Agreement, Certegy will dispose of the information and records pertaining to Bancard,

Financial Institutions' customers in any manner Certegy deems appropriate consistent with applicable VISA and/or MasterCard and federal government agencies' regulations, unless Bancard, prior to such expiration or termination, furnishes to Certegy written instructions for the disposition of such information and records at Bancard's expense.

22.0 Falcon Services. Certegy is party to an agreement with HNC Software, Inc. ("HNC"), in which Certegy has the right to offer HNC's proprietary transaction account fraud detection systems, commercially known as FalconTM and Falcon DebitTM (collectively, "Falcon"). Bancard hereby engages Certegy to provide the Falcon services ("Falcon Services") to all Financial Institutions receiving the Credit Card Program Services. Bancard shall require all Financial Institutions receiving the Credit Card Program Services to utilize Falcon through Certegy in conjunction with such Services. Financial Institutions receiving the Debit Card Program Services may also choose to receive the Falcon Services under the terms of this Agreement.

22.1. Falcon Fees. Bancard shall be responsible for either paying or for each Financial Institution paying, to Certegy, the fees for the Falcon Services (the "Falcon Fees").

22.2. Responsibilities of Financial Institutions. As agent for each of the Financial Institutions, Bancard agrees as follows:

22.2.1 Each Financial Institution shall participate, via Certegy, in HNC's Fraud Control Consortium (the "Consortium"), a cooperative arrangement among credit and debit card issuers and HNC that permits HNC to collect and analyze data on credit and debit card fraud for the sole purpose of identifying fraud trends and fraudulent behavior. Bancard authorizes Certegy to provide to HNC information in its possession, and Bancard shall provide to Certegy or arrange for Certegy to receive, on a monthly basis, information from each Financial Institution requested from time to time by HNC, for use by HNC to update its fraud detection algorithms. Bancard understands and agrees that as a member of the Consortium making contributions of data for use by HNC, as requested by Certegy from time to time, is a requirement for use of Falcon. All Financial Institution data provided to the Consortium will be subject to the confidentiality provisions set forth in sections 11.0 and 22.8 of this Agreement. HNC and/or Certegy may make modifications and updates to Falcon, from time to time, in their sole discretion.

22.2.2 Each Financial Institution shall participate in periodic confidential surveys deemed necessary by Certegy to assess Falcon's performance. Subject to the confidentiality provisions of this Agreement, Bancard, on behalf of itself and all participating Financial Institutions, authorizes Certegy to provide to HNC any Financial Institution information deemed reasonably necessary by Certegy or HNC in connection with the operation of Falcon.

22.2.3 The parameters for operation of Falcon shall be determined from time to time by Certegy and HNC, as applicable, in their sole discretion, to attempt to improve the performance of Falcon. Examples of such parameters include, without limitation, minimum Falcon scores required to trigger an inquiry, prerequisites to a card block decision and/or initiation of contact by Certegy with Financial Institutions or cardholders.

22.2.4 Bancard and each Financial Institution shall provide Certegy within 30 days of enrollment in Falcon, the names and corresponding valid telephone numbers for all of its cardholders, and authorize Certegy to contact those cardholders at any time for the purpose of confirming card transactions. On behalf of all such Financial Institutions, Bancard acknowledges that neither it, nor Certegy, will be able to contact Financial Institution's cardholders without valid telephone numbers, and each Financial Institution must use its best efforts to obtain and maintain the current telephone number on all of the files for all of its cardholders, upon request, and to assist Certegy in contacting cardholders. Bancard authorizes Certegy to contact Financial Institution cardholders as may be deemed necessary by Certegy in connection with the operation of Falcon, as well as to block transactions on cards at any time, regardless of whether Certegy has been able to communicate with the cardholder or Financial Institution prior to such block, all as contemplated by the then current Falcon operating procedures. However, while Certegy will use due care and commercially reasonable efforts in performing those functions, it does not guarantee that it will always take those actions and shall not be deemed responsible for failing to take those actions. Accordingly, Bancard shall arrange for each Financial Institution to always monitor its Falcon service reports to determine, as the final decision maker, whether Financial Institution should contact the cardholder and/or block the account.

22.2.5 Bancard and each Financial Institution shall comply with the requirements of this section and the current Falcon operating procedures, and as they may be from time to time amended.

22.3 Certegy's Responsibilities.

22.3.1 Certegy shall arrange for each Financial Institution to have access to the Falcon Services in connection with provision of the Program Services as provided herein.

Certegy shall provide to Bancard and each Financial Institution its then-current copy of the Falcon operating procedures which shall include, but not be limited to: (i) the then-current description of Falcon; (ii) the operating hours of Certegy's customer service center for Falcon-related questions; and (iii) procedures for Financial Institutions to utilize the Falcon service.

22.3.2 Within approximately 15 days following each Financial Institution's enrollment, Certegy will commence building that Financial Institution's individual profile for each "Open Account". The profiling period will take approximately 60 to 90 days (the "Profiling Period"). Upon completion of the Profiling Period, Certegy will provide Bancard and the Financial Institution with notice of the date that Falcon will become operational for that Financial Institution (for each Financial Institution separately, the "Activation Date"). During the profiling period for each financial institution, prior to the Activation Date, potential fraudulent activity will not be routed to Certegy's fraud analysts for review. Potential fraudulent activity from financial institution's cardholders will be reviewed by Certegy only after the Activation Date for that financial institution.

22.3.3 Certegy shall maintain a customer service center to respond to telephone calls from Bancard and Financial Institutions regarding the Falcon service.

22.3.4 Upon receipt of a Falcon scored transaction that is deemed by Certegy, in its sole discretion, as being questionable under Falcon, Certegy will twice attempt to contact the applicable Financial Institution's cardholder within a 24 hour period, as well as block transactions on a card at any time, regardless of whether Certegy has been able to communicate with the cardholder or Financial Institution prior to such block, as contemplated by the then current

Falcon operating procedures and subject to subsection 22.4 of this Agreement.

22.4. Disclaimer of Liability. Neither Certegy, HNC nor Bancard shall be responsible for any losses, damages, or liabilities of any kind or nature, whether in contract, tort (including negligence), strict liability or under any other theory, incurred by Financial Institutions, their agents, or any cardholders, caused by failures, inaccuracies or errors in Falcon's operation, failure of Falcon to detect fraudulent transactions or other claims associated with Falcon or the functions and services provided by Certegy, Bancard, or HNC with respect to the Falcon Services.

In no event shall Certegy, Bancard, or HNC be liable for indirect, special, incidental, or consequential damages including, but not limited to, lost profits incurred by Financial Institutions, their agents, or any cardholders in connection with the Falcon Services. Financial Institutions shall indemnify and hold Certegy, Bancard and HNC harmless from any liability of any kind or nature, fees (including reasonable attorneys' fees) and expenses resulting, directly or indirectly, from any claim by Financial Institution cardholders based upon the use of Falcon Services. Certegy, for itself and on behalf of Bancard and HNC, disclaims all warranties with respect to the Falcon Services provided pursuant to this section, both express and implied including, but not limited to, any implied warranty of merchantability and warranty of fitness for a particular purpose.

The Falcon Services are provided "as is" with no warranties or representations by any party.

22.5. Ownership of Computer Programs and Related Documentation; Disposal of Records. All computer programs and related documentation used or supplied by Certegy and/or

HNC to provide Bancard and Financial Institutions with access to Falcon are subject to the

proprietary rights of Certegy and HNC respectively, as well as the confidentiality provisions of this

Agreement. This section shall in no way be construed to grant any right, license or authorization to

Bancard or to any Financial Institution to use the computer programs and/or related documentation

used or supplied by Certegy or HNC for any purpose except as permitted herein.

22.7 Trademark Usage. Bancard, on its own behalf and as agent for each Financial Institution, shall not utilize trademarks of either Certegy or HNC (the "Marks") without first

receiving Certegy's prior written consent and identifying the Mark as owned by Certegy or HNC, as

applicable. HNC's Marks include, without limitation, Falcon™, Falcon Debit™, Falcon Expert

Reason™, Reporter™ and DeployNet™. Bancard's and Financial Institution's use of the Marks shall

be in accordance with Certegy's and HNC's trademark usage policies in effect from time to time, as

applicable. Nothing contained herein shall give Bancard or any Financial Institution any interest in any Marks.

22.8 Confidentiality of Falcon. Bancard, on behalf of itself and all Financial Institutions, and Certegy, each agrees to hold in strictest confidence any information and material

which is related to the other party's business, software systems or information and material which

is designated as proprietary and confidential herein or otherwise, by any party in connection with the

Falcon Services. Such information shall be treated as Confidential Information. Neither party nor any Financial Institution shall use such Confidential Information of the other party other than for the specific purposes of the Falcon Service. Confidential Information shall also include information obtained by HNC directly from each Financial Institution, pursuant to Financial Institution's participation in the Consortium, through Bancard, or otherwise. Each party's obligations of confidentiality under this section shall survive the expiration or earlier termination of this Agreement. Without limiting the generality of the foregoing, Certegy and Bancard, for itself and each Financial Institution, agree:

(a) Not to disclose or permit any other person or entity access to any Confidential Information, except that such disclosure or access shall be permitted to any employee, agent, representative or independent contractor of such party requiring access to the same in the course of his or her employment or services to the extent reasonably required to carry out the purposes of the Falcon Service;

(b) To ensure that its employees, agents, representatives, and independent contractors who are given access to any Confidential Information of the other party are advised of the confidential nature of such information and are precluded from taking any action prohibited under section 11.0 herein;

(c) Not to alter or remove any identification, copyright or proprietary rights notice which indicates the ownership of any part of any Confidential Information of another party;

(d) To notify the other party promptly and in writing of the circumstances surrounding any possession, use or knowledge of any Confidential Information of the other party by any person or entity other than those authorized by this Agreement; and For purposes of this section 22.8 only, the term "Certegy" shall include both Certegy and HNC.

Certegy represents and warrants to Bancard that, by the terms of its agreement with HNC, HNC is subject to the confidentiality obligations set forth in this section 22.8.

22.9. Use of Falcon; Termination of Falcon Use. Bancard shall require each credit card issuing Financial Institution to use Falcon during the Renewal Term(s) of this Agreement.

Certegy may terminate the Falcon Services and Financial Institutions' use of Falcon if Certegy's agreement with HNC is terminated for any reason, by providing written notice to Bancard and each Financial Institution utilizing Falcon under this Agreement. In such event, Certegy will use its best efforts to replace the Falcon Services with another provider on terms and conditions satisfactory to Bancard.

23.0 Special Programming.

23.1 During the Renewal Term, Certegy shall make programming time available to Bancard, at a maximum rate of 1,500 hours per year, cumulative to a maximum of 4,000 hours, to implement additional system features and functions (the "Modifications") to the Program Services

provided by Certegy to Financial Institutions. Certegy's duties under this section shall terminate in the event Bancard provides notice of nonrenewal pursuant to section 20.1.

23.2 Within 30 days after receiving written notice from Bancard requesting a Modification (the "Modification Request"), Certegy will provide written notice to Bancard regarding whether or not the Modification can be made. Any Modification Request should include a written description of the proposed Modification.

23.3 Certegy expressly reserves the right to assign any Modification for completion to the appropriate skill required.

23.4 No right, title, license or other interest is conveyed to Bancard as a result of or in the Modifications. The exclusive right of ownership, including industrial ownership and literary and artistic ownership, relating to the Certegy system and any Modification is, and shall remain, the exclusive property of Certegy. To the extent that Bancard may, under applicable law, be entitled to claim an ownership interest in the Modifications, Bancard assigns, transfers, grants, conveys, and relinquishes exclusively to Certegy, without the necessity of further consideration, all of its right, title and interest in the Modifications.

24.0 Users Group Meetings. Certegy will support and help fund up to five (5) state/regional Bancard Users group meetings each calendar year. This includes Certegy's commitment to the current number of sessions and includes the cost of the meeting rooms, meals, AV equipment and other hotel expenses. Certegy will continue to host the Merchant Focus Group and the Bankers Banks meetings in St. Petersburg and reimburse for one person per institution for two nights of hotel expense. Certegy will continue to supply trainers for the seminars and will provide a Relations representative when available or when there are at least 15 Financial Institutions in attendance.

25.0 Financial Institution Benefit Association. Bancard agrees that it shall sign a Financial Institution Benefit Association, Inc. ("FIBA") Membership Agreement in the form attached hereto as Exhibit 3, on behalf of itself and the Financial Institutions. Bancard agrees to require that each Financial Institution be bound by the terms of the FIBA Membership Agreement and that each shall be a Sponsoring Member of FIBA as that term is defined in the FIBA Membership Agreement. Each Financial Institution, as a Sponsoring Member of FIBA, can make available to its customers any of the benefits of FIBA membership by signing individual FIBA Riders to the FIBA Membership Agreement.

26.0 Legal Compliance and Indemnification.

26.1 Sample Forms. As a convenience to Bancard and the Financial Institutions which issue VISA or MasterCard credit cards, Certegy shall provide to Bancard for the Financial Institutions samples of (i) applicable terms and conditions of credit card issuance and use; and (ii) required federal Truth-In-Lending disclosures. All sample forms are provided with no express or implied representation or warranty as to their compliance with applicable state or federal law or

appropriateness for use by Financial Institutions, and Financial Institutions shall have the responsibility for overall approval of such materials.

26.2 Financial Institution Responsibility. Bancard will require that each Financial Institution is responsible for its compliance with all laws, rules and regulations applicable to their performance of operations of its VISA and/or MasterCard program including, without limitation, usury laws, the Truth-In-Lending, Fair Credit Billing, Fair Credit Reporting, Equal Credit Opportunity, and Electronic Funds Transfer Acts, and all rules and regulations promulgated thereunder, and all applicable state laws and regulations. Each party shall cooperate and shall use its best efforts to facilitate Financial Institutions' compliance.

26.3 Indemnification by Bancard. Bancard agrees to defend, indemnify and hold harmless Certegy, its affiliates, subsidiaries, successors and assigns, and its officers, directors, employees and agents, and to require all Financial Institutions to defend, indemnify and hold Certegy harmless from and against all liabilities, claims, damages, losses or expenses, including attorneys' fees, which arise out of, or in connection with, any failure of Bancard or the Financial Institutions, as the case may be, to comply with all applicable laws, rules and regulations including, without limitation, all disclosures and other requirements under the federal Truth-In-Lending Act, which indemnity shall be effective regardless of whether a Financial Institution uses any forms or other materials supplied by Certegy; provided, however, that Bancard and the Financial Institutions shall have no liability for negligent acts or omissions by Certegy, its employees, agents or representatives.

26.4 Indemnification by Financial Institution. Bancard shall require each Financial Institution to defend, indemnify and hold both Bancard and Certegy harmless from and against any and all liabilities, claims, damages, losses or expenses, including attorneys' fees, which arise out of or in connection with, the transfer of any data or the performance of any vendor, as contemplated by section 3.2 of this Agreement. Notwithstanding anything to the contrary in this section 26.0, each Financial Institution shall be solely responsible for providing any and all required debit card disclosures and forms to its customers. Each Financial Institution shall be solely responsible for compliance with all applicable laws, rules, and regulations applicable to all aspects of the operations of its VISA debit card programs, regardless of whether Financial Institution uses any forms or other materials supplied by Certegy.

26.5 Indemnification by Certegy. Certegy agrees to defend, indemnify and hold harmless Bancard, its affiliates, subsidiaries, successors and assigns and its officers, directors, employees and agents from and against all liabilities, claims, damages, losses, expenses and fees, including attorneys' fees, which arise out of or in connection with any failure of Certegy to comply with all laws, rules and regulations applicable to it pursuant to the provisions of this Agreement or the standards established by Visa and MasterCard, including the transfer of data as contemplated by section 3.2 of this Agreement.

26.6 Limitation on Indemnities. Indemnities under this section 26.0 shall be in addition to any right of indemnification or other rights or remedies which any party may otherwise have under this Agreement or applicable law.

27.0 Limitations on Damages. In any action by one of the parties against the other arising from performance, or the failure of performance, or in connection with the indemnity provisions of this Agreement, damages, liabilities, costs, losses, expenses, claims and fees will be limited to direct money damages, losses, expenses, costs, fees, including attorneys' fees, and statutory penalties, if any imposed, in an amount not to exceed such amount actually incurred by the party. In no case will one party be responsible to another for special, incidental, consequential or exemplary damages, except as a result of a willful breach of this Agreement.

28.0 Distribution to Financial Institutions. Within thirty (30) days after the execution of this Agreement by both parties, Bancard shall distribute copies of this Agreement to all Financial Institutions by certified mail or by courier, and shall obtain a receipt for each delivery, and shall advise each that (a) this Agreement supersedes the 1994 Renewal Agreement, as amended, (b) each of them is bound by the relevant provisions of this Agreement in accordance with section 2 of their Financial Services Agreement with Bancard, and (c) the term of their Financial Services Agreement remains concurrent with the Renewal Term.

29.0 Agent Bank Agreements. Bancard shall require each Financial Institution that enters into agreements with other financial institutions ("Agent Banks") whereby, among other things, the Agent Bank shall agree to (a) make Financial Institution's VISA and/or MasterCard card available to its customers and/or (b) enroll merchants in Financial Institution's merchant program, to be a party to a written agreement with Bancard ("Agent Bank Agreement"). Bancard shall require that each Agent Bank be a party to an Agent Bank Agreement. The Agent Bank Agreement shall require that the Financial Institution obtain the signature of each Agent Bank as a party to that Agreement prior to commencement of services to that Agent Bank. The Agent Bank Agreement also shall provide that the Financial Institution is, and shall remain, fully responsible for the selection, monitoring and financial responsibility of the Agent Banks and for their compliance with the terms of the Financial Services Agreement and this Agreement, as applicable, in the same manner and to the same extent as Financial Institution. The Agent Bank Agreement also shall contain the agreement of each Agent Bank that shall enroll merchants in Financial Institution's merchant program to indemnify and hold harmless Certegy [under language comparable to that in section 8.4 above] with respect to Sales Drafts which arise from transactions from merchants enrolled by Agent Bank in Financial Institution's merchant program.

30.0 Guarantees of Certegy Inc. The Guarantee and Indemnity of Certegy Inc., currently in effect, which guarantees the full and faithful performance by Certegy of all its obligations under the 1994 Renewal Service Agreement which result from, or arise out of, employee dishonesty, and indemnifies Bancard and Financial Institutions against liability, loss or damage resulting therefrom, shall remain in full force and effect in accordance with its terms.

31.0 No Waiver. No action taken pursuant to this Agreement by either party shall be deemed to constitute a waiver of compliance with any representation, warranty, covenant, obligation or agreement contained in this Agreement, and shall not operate or be construed as a waiver of any subsequent breach, whether of a similar or dissimilar nature.

32.0 Force Majeure. In the event Certegy is unable to timely perform its obligations hereunder due to causes that are beyond its control, including without limitation, strikes, riots, earthquakes, epidemics, war, fire, or any other catastrophe rendering its data processing center wholly or partially inoperable, Certegy shall not be liable for any loss or damage which results to Bancard, Financial Institutions or their customers.

33.0 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

34.0 Entire Agreement; Construction. This Agreement constitutes the entire understanding and agreement of the parties with respect to the subject matter of this Agreement, and any and all other prior agreements, understandings, or representations are hereby terminated and cancelled in their entirety and are of no further force and effect. This Agreement shall not be construed more strongly against either party regardless of which is more responsible for its preparation.

35.0 Modification or Amendments. Except as otherwise provided for herein, no amendment or modification of this Agreement shall be valid unless in writing and signed by all of the parties hereto.

36.0 Assignment. Bancard may freely assign its rights and obligations hereunder to any organization which is majority owned directly or indirectly by the Independent Community Bankers of America. Upon any such intended assignment, Bancard shall provide Certegy with advance notice. In no event shall such an assignment or transfer be deemed a termination for purposes of section 4.0 hereof. Otherwise, neither Certegy nor Bancard may assign its rights or obligations hereunder without the prior written consent of the other, which consent shall not be unreasonably withheld. Any unauthorized assignment shall be void.

37.0 Notices. Any and all notices, demands or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice, demand or other communication be served personally, service shall be conclusively deemed made at the time of such personal service. If such notice, demand or other communication be given by mail, such shall be conclusively deemed given forty-eight (48) hours after the deposit thereof in the United States mail addressed to the party to whom such notice, demand, or other communication is to be given as hereinafter set forth:

To Certegy: Certegy Card Services, Inc.
11720 Amberpark Drive
Alpharetta, GA 30004
Attention: Lee A. Kennedy
President and CEO

With a Copy To:

To Bancard:

With a Copy To:

38.0. Attorneys' Fees. In the event any action be instituted by a party to enforce any of the terms and provisions contained herein, the prevailing party in such action shall be entitled to such reasonable attorneys' fees, costs and expenses as may be fixed by the Court.

39.0. Captions. The section captions in this Agreement are for convenience only and shall

not bear on the interpretation of the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this 2003 Renewal Service Agreement as of the Effective Date.

ICBA BANCARD, INC.,

a Delaware corporation

By: /s/ Linda F. Echard

Linda F. Echard,

President and CEO

Certegy Law Department

11601 Roosevelt Blvd. TA-41

St. Petersburg, FL 33716-2202

Attention: Norman E. Gamble

ICBA Bancard, Inc.

Suite 400

2107 Wilson Boulevard

Arlington, VA 22201

Attention: Linda F. Echard

President

Powell, Goldstein, Frazer & Murphy LLP

1001 Pennsylvania Avenue, N.W.

Washington, D.C. 20004

Attention: Leonard J. Rubin, Esq.

CERTEGY CARD SERVICES, INC.,

a Florida corporation

By: /s/ Lee Kennedy

Lee A. Kennedy,

President and CEO

2004 RESTATED CSCU CARD PROCESSING SERVICE AGREEMENT

This 2004 Restated CSCU Card Processing Services Agreement (this "Agreement") is made as

of January 1, 2004 by and between Card Services for Credit Unions, Inc., a Florida corporation

("CSCU") and Certegy Card Services, Inc. (formerly Equifax Card Services, Inc.), a Florida

corporation ("Certegy") with reference to the following facts:

A. CSCU is an organization consisting of member credit unions (the "Credit Unions"),

which are licensees of VISA U.S.A., Inc. ("VISA") and/or MasterCard International, Inc.

("MasterCard").

B. Among other purposes, CSCU has been organized for the purpose of obtaining and

maintaining one or more bank identification numbers (BIN's) issued by VISA and/or interbank

card association numbers (ICA's) issued by MasterCard for shared use by the Credit Unions in

connection with their VISA and/or MasterCard programs.

C. Certegy is engaged in the business of providing card processing services to assist

licensees of VISA and MasterCard in the operation of their card programs.

D. CSCU, in a desire to retain Certegy on an exclusive basis to provide card processing

services to the Credit Unions, entered into the CSCU Card Processing Service Agreement with

Equifax Card Services, Inc., f/k/a Telecredit Service Center, Inc., on February 7, 1989, which

was amended on September 15, 1989, July 1, 1992, March 27, 1993, and April 1, 1993

(collectively, the Original Agreement"). The parties entered into a Restated CSCU Card

Processing Service Agreement on February 16, 1994, which they later amended on August 2,

1997 and April 1, 1999 (the "Restated Agreement"). The term of the Restated Agreement

extends through September 30, 2004.

E. The parties now desire to enter into this Agreement to extend the term of the Restated

Agreement from October 1, 2004 through December 31, 2009 (the "Extended Period"), and to

update and again restate the terms of their Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the

parties agree as follows:

Services. 1.

1.1 Retention of Certegy. By this Agreement, CSCU retains Certegy, and Certegy agrees, to provide card processing services to the Credit Unions in accordance

with the terms of

this Agreement. The services to be provided (the "Services") include all of the items referenced

on Schedules A, B, C, E, G, J, K and L. Except as otherwise provided for in this Agreement, so

long as this Agreement remains in effect, CSCU shall not retain any other party to provide any of

the Services. If CSCU wishes to utilize or offer additional services or products not included on any of the Schedules or Exhibits, CSCU shall provide Certegy the right of first refusal to provide those other services or products. In this event, CSCU shall provide to Certegy in writing the specifications for those services or products and shall give Certegy ninety (90) days from receipt of such notice to advise CSCU if Certegy can provide the requested services and/or products and on what additional terms (i.e., fees). CSCU may obtain competitive bids from other providers in the industry for these other services and products not included on the Schedules or Exhibits, but shall always provide Certegy the opportunity to meet any competitive bid and provide those additional products and services. In the event that Certegy is unable or unwilling to meet the bid submitted by another third party processor, CSCU may purchase those services or products from such other provider.

1.2 Should CSCU request a change to any of the Services that would require modification of or addition to hardware or software utilized by Certegy or hiring of additional staff by Certegy or result in Certegy incurring any additional expenses in providing the Services (e.g., customization of a particular program for a particular group of Credit Unions, or should CSCU request Certegy to implement a program sooner than scheduled by Certegy,) then Certegy and CSCU agree to negotiate whether and upon what terms such changes or implementations shall be provided. Certegy reserves the right to make changes to the Services from time to time so long as the changes do not prevent Certegy or CSCU from meeting their obligations to the Credit Unions and Cardholders (e.g., changing vendors, changing equipment, upgrading software and other changes that are determined necessary by Certegy, in its sole discretion, to maintain performance levels and competitiveness). Certegy shall be responsible for implementing, at no additional cost to CSCU or the Credit Unions, all updates and releases as required by MasterCard and/or Visa, as well as modifications to correct problems with the Services that are the responsibility of Certegy. Certegy shall test all changes, using commercially reasonable means including quality control checks, prior to placing changes into production, to increase the likelihood of a successful implementation. In addition, Certegy will present to CSCU information on new products and services prior to those new products or services being offered to the Credit Unions.

1.3 Credit Union Service Agreement. Certegy shall enter into a "Credit Union Service Agreement," substantially in the form of one of those agreements attached as Exhibits "B," "B-1 and "B-2 with each Credit Union desiring to acquire the Services.

1.4 Minimum Rating Requirements. From time to time, CSCU and Certegy may jointly establish minimum financial requirements for eligibility in the program offered pursuant to this Agreement.

1.5 Other Vendors. If a Credit Union wishes Certegy to provide to vendors data pertaining to that Credit Union, that Credit Union shall provide written authorization to Certegy to provide that data as well as indemnification for claims pertaining to the provision of that data or the performance of any such vendors, in a form acceptable to Certegy. In addition, Certegy may require any such vendor to enter into written agreements with Certegy governing the provisions of that data and the vendor's duty to protect the data from compromise and unauthorized use or disclosure.

Fees for the Services. 2.

2.1 CSCU Enrollment Fee. At the time a Credit Union enters into a Credit Union Service Agreement, that Credit Union shall pay to CSCU, and CSCU hereby authorizes Certegy to collect on its behalf, a nonrefundable enrollment fee of One Hundred Fifty Dollars (\$150.00).

2.2 Guaranteed Rates. Certegy shall charge the Credit Unions, and the Credit Unions

shall pay, those fees set forth on Schedules "A", "B", "C", "E", "G", "J", "K" and "L", copies of

which are attached to and made a part of this Agreement (collectively, the "Schedules"). Subject

to subparagraphs 2.3 and 2.4 of this Agreement, those fees set forth on the Schedules shall

remain in effect through the term of this Agreement.

Pass through Fees. From time to time, Certegy shall have the right to increase 2.3

any of the fees over which it has no control up to the amount of the actual cost incurred by

Certegy including, but not limited to, Certegy's reasonable internal costs (collectively, the "Pass

Through Fees") and which are identified as such on the Schedules, effective as of the date those

Pass Through Fees are increased to Certegy. CSCU shall not be responsible, however, for any

MasterCard and Visa fines and penalties that result from Certegy's failure to fulfill its obligations

under this Agreement.

2.4 Fee Increases for Inflation. Effective October 1, 2004, upon written notice in

accordance with section 2.5, Certegy shall have the right, three times during the Extended

Period, to increase one or more of the fees set forth on the Schedules, excluding the Pass

Through Fees, by a percentage equal to the Percentage Increase, if any, in the Consumer Price

Index as described below, but not to exceed 3% in any one increase. For purposes hereof, the

following definitions shall apply:

(i) The "Consumer Price Index" shall mean the Consumer Price Index of the Bureau of Labor Statistics of the United States Department of Labor (the "DOL") for All Urban

Consumers, U.S. City Average (1982-84=100), "All Items" (the "Index"). If the DOL

revises the basis on which the Index is now calculated, the parties shall make an

appropriate conversion to a revised "Index" on the basis of conversion factors published

by the DOL. If conversion factors are not available from the DOL, either party may

request the DOL to provide an appropriate conversion or adjustment. If the DOL

is unable or unwilling to provide an appropriate conversion or adjustment, or if the Index is

discontinued, the parties shall in good faith agree on a suitable substitute for the Index.

(ii) The "Percentage Increase" shall mean the percentage equivalent to the fraction,

the numerator of which is the Index for the Comparative Month less the Index for the

Base Month, and the denominator of which is the Index for the Base Month.

(iii) The "Comparative Month" shall mean the third month prior to the effective date

of the increase, and the "Base Month" shall mean (a) in the case of the first increase for

any applicable Schedule, March of 2002, and (b) in the case of a subsequent increases,

the month that was the Comparative Month for the last increase of the fees being increased.

2.5 Notice of Fee Modification. Any allowed fee modification shall be effective on the first calendar day of the next month following thirty (30) days prior written notice from Certegy to CSCU and the Credit Unions. Certegy shall document any fee modification by revising the applicable Schedules, providing a copy of the revised Schedules to CSCU and providing notice of the changes to the individual Credit Unions.

2.6 Payment of Fees. Fees for processing transactions shall be settled each banking day for the transactions processed for the previous banking day and shall be payable by deduction from the various Accounts referenced in section 3 of this Agreement. Fees for all other Services shall be invoiced by Certegy monthly and shall be payable by deduction from the Accounts referenced in, and in accordance with, section 3 of this Agreement. Settlement Procedures. 3.

Program Clearing Account. So long as this agreement remains in effect, Certegy 3.1 shall maintain on behalf of CSCU a demand deposit account (the "Program Clearing Account" or "PCA") at a mutually agreeable financial institution the purpose of settling transactions, charges, and reimbursements in connection with the Credit Unions' VISA and MasterCard programs.

Access. Certegy shall have the right to make deposits into and withdrawals from 3.2 the PCA for the following purposes:

(i) daily settlement of all incoming VISA and MasterCard cardholder amounts due VISA and MasterCard;

(ii) daily settlement of fees payable to Certegy for the transactions processed the previous banking day;

(iii) monthly settlement of Certegy's fees and charges other than daily transaction processing fees;

(iv) daily settlement of all VISA and MasterCard fees charged CSCU or a CSCU member by VISA or MasterCard or deducted from Certegy's accounts, including without limitation the combined warning bulletin fees, interchange fees, and assessments;

(v) daily payment of any interest due Certegy for Funds paid by Certegy to VISA or MasterCard on behalf of the Credit Unions that were not available in the PCA (the "PCA

Shortfall"), which interest shall be calculated at the prime rate charged by Certegy's depository bank plus one percent (1%) for all PCA shortfall;

(vi) daily investment for CSCU's benefit of available funds from the PCA as described in section 3.4;

(vii) settlement of all incoming debt transactions; and

(viii) settlement of all outgoing debit transactions not more than three (3) business days following Certegy's receipt of such outgoing debit transactions from a Credit Union.

3.3 Funding and Management of the PCA. CSCU, through each of the Credit Unions, shall provide Certegy the funds to maintain on behalf of CSCU, at all times in the PCA, a balance not less than the following (the "Minimum Balance"):

(i) If Certegy provides any of the Services referenced on Schedule "A" and "B", the anticipated average number of credit cardholder accounts of each Credit Union under its VISA and/or MasterCard programs for the first 90 days or 300 accounts, whichever is greater, x 2.5 (anticipated charges per cardholder account per month) x \$75 (anticipated average transaction amount) divided by 21.5 (average business days per month); plus

(ii) If Certegy provides any of the Services referenced on Schedule "E" and "J", the anticipated average number of debit cardholder accounts of each Credit Union under its VISA and/or MasterCard programs for the first 90 days or 300 accounts, whichever is greater, x 5 (anticipated debits per cardholder account per month) x \$40 (anticipated average debit amount) divided by 21.5 (average business days per month); plus

(iii) if Certegy provides any other Services to a Credit Union, an amount sufficient to cover those daily transactions and chargebacks as well (e.g., Direct Processing Merchant Services as referenced on Schedule "C" or Commercial Card Services on Schedule "G").

The above factors may be adjusted by Certegy based on the actual transaction volume history of those Credit Unions for which Certegy has been providing Services, and the factors shall thereafter be adjusted quarterly by Certegy, or more often if deemed necessary by Certegy and CSCU, based on the actual transaction volume history of the prior quarter and seasonal factors. Certegy shall give prior written notice to CSCU and the Credit Unions of any adjustment of the factors.

Credit Union authorizes Certegy, at Credit Union's expense, to access the PCA as well as the Settlement Account through the Automated Clearing House ("ACH"), U.S. Central Credit Union's data switch, wire transfer, or draft transfer in order to maintain Credit Union's required balances, if applicable, or for any purpose described in this section 3, and similarly to transfer funds owing to a Credit Union into the applicable account. CSCU guarantees the availability of the funds in the various accounts referenced in this section 3 and agrees that Certegy shall at all times have access to such funds for the above referenced purposes and further agrees that Certegy shall be able to make the withdrawals and transfers required hereunder and hereby authorizes Certegy to borrow funds, on a short-term basis on behalf of CSCU, to maintain funds in those accounts in an amount reasonably required by Certegy to perform daily settlements. Certegy agrees to manage the various accounts on CSCU's behalf and on behalf of Credit Union to achieve these stated purposes.

Investment of Funds. Certegy shall invest any available funds in the PCA on 3.4 behalf of CSCU in short-term investments to be mutually agreed on in writing.

3.5 Settlement Account. Certegy shall on behalf of CSCU require each Credit Union to maintain, and each Credit Union shall maintain, at all times a demand deposit account (a "Settlement Account") with funds in an amount sufficient to enable CSCU and/or Certegy to replenish the PCA, on a daily basis, so that the Credit Union's pro rata share of the Minimum Balance is maintained at all times. CSCU and/or Certegy, through U.S. Central Credit Union's data switch, through the Automated Clearing House ("ACH"), or through wire transfer, at the expense of each Credit Union, shall have the right to transfer funds from each Settlement account to the PCA, on a daily basis, in an amount necessary to replenish the PCA as set forth above.

Each Credit Union shall provide overdraft protection for its Settlement Account to further ensure that CSCU and/or Certegy shall be able to make the transfers necessary under this section. So long as Certegy shall follow reasonable and prudent procedures to minimize loss resulting from the failure of a Credit Union to maintain the required balance in its Settlement Account, CSCU shall indemnify and hold harmless Certegy from and against any losses and liabilities resulting from the failure of a Credit Union to maintain the required balance.

Settlement to Credit Unions processing on BASE2000. Credit Unions receiving 3.6 Certegy Services under Schedules "K" or "L" shall each establish a settlement account in the Credit Union's name to enable VISA and/or MasterCard to settle transactions, dues, fees, assessments and other amounts directly to the Credit Union settlement account ("Direct Settlement Account"). The Credit Union shall maintain sufficient balances in the Direct Settlement Account to enable such VISA and/or MasterCard settlements. Neither CSCU nor Certegy shall bear any responsibility or liability for funding of the Credit Union's Direct Settlement Account.

3.7 Payment Account. Certegy shall maintain on behalf of CSCU one or more demand deposit accounts for the purpose of deposit of cardholder and other payments made to CSCU and the Credit Unions (the "Payment Accounts"). Certegy shall have the right to deposit cardholder and other payments into the Payment Accounts and to transfer funds from the Payment Accounts to the PCA, the Settlement Account or the Direct Settlement Account, as appropriate.

3.8 Records. Certegy shall maintain complete records pertaining to the PCA and the Payment Accounts, including records pertaining to reconciliation of the PCA, daily interchange fees, and daily settlements, and pertaining to Certegy's transfers to and from the Settlement Accounts.

Quality Control Standards. 4. 4.1 Certegy shall maintain the quality control standards set forth in Exhibit "C", which is attached to and made a part of this Amendment (the "Standards"). At the end of each calendar quarter, Certegy and CSCU shall review Certegy's quarterly performance regarding the Standards. To facilitate that quarterly review, Certegy shall provide CSCU with monthly reports on which that review can be based. Those Standards on Exhibit C, which are deemed to be "Material Standards", are identified as such on Exhibit "C". CSCU and Certegy shall each measure Credit Union satisfaction through their independently conducted surveys. If CSCU notifies Certegy that CSCU's satisfaction survey results for any period vary materially from the results of Certegy's satisfaction survey for the same period, the parties shall

surveys to confirm that the survey questions seek the same information, the surveys are addressed to the same target audience, and the surveys use the same response scale. If matching these factors corrects the variance, future results should match. When these factors are the same and the results still have a statistically significant variance and the issue causing the variance can be identified, CSCU and Certegy will mutually agree on corrective action and implement the corrective action plan within 30 days. If Certegy and CSCU cannot identify or agree upon the cause for the variance, the parties will jointly retain the assistance of an outside statistical survey specialist to assist the parties' effort to eliminate the variance.

4.2 The failure by Certegy to have met one or more Material Standards or three or more of the other Standards in any three consecutive months shall be deemed a "Material Failure". In the event Certegy is implementing a technology or software enhancement, Certegy may inform CSCU in advance of the Standards it expects to be negatively affected and the timeframe for the implementation. Such identified Standards will not be included in determining whether there has been a Material Failure during the implementation. In the event of a Material Failure, Certegy shall take those steps necessary to cure that specific Material Failure within the 1-month period following notice by CSCU to Certegy of the Material Failure (the "Cure Period"). Except as provided for in subsection 4.3, the test period to determine whether such cure has been accomplished shall be the 1-month period following the Cure Period.

4.3 In addition, during any Cure Period for the Standards identified in Exhibit "C" as either the "Cardholder Satisfaction Rating Index Goal" or the "Credit Union Satisfaction Rating Index Goal", for satisfaction surveys conducted by Certegy, (collectively, the "Satisfaction Rating Index Goals"), Certegy will pay CSCU (i) \$20,000 for any month in which there is a Material Failure of one Satisfaction Rating Index Goal, and (ii) \$40,000 for any month in which there is a Material Failure of both Satisfaction Rating Index Goals. Notwithstanding anything in this Agreement to the contrary, if Certegy is unable to cure the applicable Satisfaction Rating Index Goal(s) after a 90-day period following the beginning of the Cure Period, CSCU may terminate this Agreement.

4.4 Unless otherwise expressly agreed to in writing by the parties, all results of all Standards shall be deemed "Confidential Information" of Certegy, subject to section 8 of this Agreement.

4.5 Certegy will invest in improvements to its debit/ATM processing capability during the Renewal Term. Certegy's goals will be: (1) to establish effective, efficient and dependable connectivity to enable authorizations and settlements over all major debit/ATM networks; (2) to provide competitive solutions for CSCU Credit Union's debit and ATM card processing needs; (3) to have Certegy's platform connect directly to VISA for signature debit authorizations; (4) to settle signature debit transactions directly with VISA; (5) to enable single point settlement; (6) to provide a graphical user interface; (7) to enable seven-day processing, and (8) to enable unique authorization parameters by BIN.

Backup, Disaster Recovery, Force Majeure and System Integrity. 5.

5.1 Backup. Certegy shall provide for backup data processing in the event Certegy's primary data processing unit becomes inoperable. Certegy will provide off-premises secured

storage of data and program files as required by VISA and MasterCard and will have available

redundant sources of electrical power.

5.2 Disaster Recovery. In the event Certegy is prevented from performing its obligations under this Agreement through no fault of its own, Certegy shall, through its own facilities, suppliers of computer equipment and/or other processors, make best efforts to assist

Credit Union to obtain replacement processing services for the Services, as promptly as is reasonably possible. Credit Union authorizes Certegy to provide cardholder and other

Confidential Information to those vendors it contracts with to provide disaster recovery and other

back-up processing services to Certegy, in order to test and prepare for disaster recovery as well

as to perform Services in the event of a threatened or actual disaster. Certegy shall require each

vendor that is to receive Confidential Information to sign a confidentiality agreement binding

such vendor to protect and not improperly disclose Confidential Information.

Certegy has

maintained and shall continue to maintain arrangements with vendors to provide backup

processing capability and Certegy shall test the functionality and viability of such backup

processing capability twice each year.

5.3 Force Majeure. If Certegy is prevented from performing its obligations under this

Agreement due to causes beyond its control, including without limitation strikes, riots,

earthquakes, epidemics, wars, acts of terrorists, fires, power failures, the failure or closure of a

Credit Union, machine breakdowns, computer-associated equipment outages, or any other

catastrophe rendering its data processing center wholly or partially inoperable, Certegy shall not

be liable for any loss or damage to Credit Union, Agent Credit Unions or Customers.

5.4 Annual Financial and System Review. Each year, Certegy shall provide to CSCU a copy of the most recent annual report of its publicly held parent corporation and a copy of the

most recent third party auditors' review and report on the design and compliance test of Certegy's

card processing system (SAS 70). Upon Credit Union's written request, Certegy shall provide

these documents to Credit Union.

6. Merchant Fees. If a Credit Union utilizes the Merchant Services provided by Certegy,

the fees referenced in Schedule "C" attached to and made a part of this Amendment, shall apply

to those services, and the following terms are added to the Agreement:

6.1 Right to Refuse Merchants. Credit Union shall not enroll merchants for participation in the VISA and/or MasterCard system through CSCU or Certegy, if those

merchants are within the categories of merchants designated by CSCU and/or Certegy from time

to time as "high-risk merchants". CSCU and/or Certegy shall have the right to refuse to enroll,

and may terminate the enrollment of, any merchant if it determines, in its sole and absolute

discretion, that failure to do so would create excessive risk for CSCU and/or Certegy.

Right to Refuse Transactions. In the event that either CSCU or Certegy 6.2 determine, in their sole discretion, that the risks related to the credit card sales transactions

("Transactions") introduced by any merchant enrolled by Credit Union are excessive, then CSCU

or Certegy may refuse to accept and process those Transactions. CSCU or Certegy shall

promptly notify Credit Union of its refusal to accept and process Transactions from any such merchant.

6.3 Card Association Requirements. Credit Union shall comply with all VISA and/or MasterCard requirements for enrolling new merchants including, but not limited to, the performance of a credit check and/or other financial background investigation; a physical inspection of the merchant's place of business; and an investigation to determine whether the merchant previously has been expelled from the VISA and/or MasterCard systems by another Credit Union for fraud or suspected fraud. Credit Union shall examine the sales drafts contained in sealed merchant deposits before forwarding such deposits to Certegy in order to detect possible fraud and other irregularities.

6.4 Indemnification. Notwithstanding any other provision of this Agreement, Credit Union shall indemnify and hold harmless Certegy and CSCU, and their respective stockholders, officers, directors, employees, agents, affiliates, subsidiaries, successors and assigns, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses, including reasonable attorney fees including attorneys' fees in appellate and bankruptcy proceedings, or disbursements of any kind or nature whatsoever, which may be suffered by, imposed on, incurred by, or asserted against Certegy, CSCU or the other indemnified parties in any way relating to, or arising out of any merchant deposit of VISA or MasterCard credit card or debit card sales transactions, drafts which arise from transactions from merchants enrolled by Credit Union or an agent institution of Credit Union for the merchant services provided pursuant to the Service Agreement, ("Sales Transactions"), including counterfeit or fraudulent transactions, or any chargebacks of such Sales Transactions (collectively, the "Losses"). Certegy shall be a third-party beneficiary of this paragraph, and if Certegy brings any lawsuit, arbitration or other action against Credit Union to enforce the provisions of this paragraph, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs in connection with the action including attorneys' fees and costs in appellate and bankruptcy proceedings.

6.5 Right to Utilize Certain Funds. CSCU and/or Certegy shall have the right to utilize any amounts payable to Credit Union as a result of Transactions in the MasterCard and/or VISA systems in payment of, or to reimburse CSCU or Certegy for, chargebacks or any other amounts payable by, or any other losses resulting from the activities of, any merchants enrolled by Credit Union or an agent institution of Credit Union. Credit Union acknowledges that Certegy is a third party beneficiary of all rights granted to CSCU by Credit Union under this Financial Services Agreement, and that Certegy can exercise all rights given to it pursuant to this paragraph to, among other things, apply incoming amounts to offset or recover amounts due on fraudulent Transactions introduced into the MasterCard and/or VISA systems by merchants enrolled by Credit Union or an agent institution of Credit Union. Credit Union specifically agrees that the rights of CSCU and Certegy and the obligations of Credit Union hereunder shall survive any termination of this Agreement.

Inspection of Records. 7.

7.1 Inspection by CSCU. On reasonable notice, during normal business hours and on presentation of written authorization from CSCU or from a Credit Union, as the case may be, CSCU representatives shall have the right, at CSCU's expense, to inspect and audit information and records in Certegy's possession pertaining to this Agreement or the Credit Union providing the authorization; provided that any such notice shall specify the scope of the inspection or audit and Certegy shall have the right to receive and comment on any report prepared by any external representative engaged by CSCU in connection with any such inspection or audit, prior to its dissemination to the Credit Unions or any other parties.

7.2 Inspection by Credit Union. On reasonable notice, during normal business hours and on presentation of written authorization from a Credit Union, the representatives of the Credit Union or the designated agent of the Credit Union shall have the right, at the Credit Union's expense, to inspect and audit information and records pertaining to that Credit Union; provided that any such notice shall specify the scope of the inspection or audit and Certegy shall have the right to receive and comment on any report prepared by any external representative engaged by the Credit Union in connection with any such inspection or audit, prior to its dissemination to the Credit Unions or any other parties.

Government Inspection. Certegy shall permit those governmental agencies that regulate and examine CSCU and the Credit Unions to examine Certegy and its books and records to the same extent as if the Services were being performed by CSCU or the Credit Unions on their own premises.

8. Confidentiality. Each of the parties to this Agreement shall hold all information provided to it by the other party, or through its relationship with the other party, as secret and confidential, whether in the form of reports, plans, customer lists, data, documents, software and related products and services, (including, without limitation, CSCU's proprietary software, the Virtual Card Consultant), drawings, writings, samples, know-how, marketing, strategies, business operations and business systems, and other proprietary material ("Confidential Information"). Non-public financial information that is personally identifiable to a customer or member of Credit Union (referenced in the Gramm-Leach-Bliley Act of 1999 as "Non-public Personal Information" or "NPI") shall be treated by Certegy as Confidential Information whether it is received directly from Credit Union, through VISA or MasterCard or from another third party. Certegy shall only provide NPI to CSCU at the request of Credit Union. Confidential Information shall remain the property of the party from or through whom it was provided. The parties shall use Confidential Information, including NPI, only to perform under this Agreement and in the case of CSCU its Membership Agreement with Credit Union. Each party shall use the same degree of care to protect the other party's and Credit Union's Confidential Information as it uses to safeguard its own and each party shall implement and maintain procedural, physical and electronic safeguards to prevent the compromise or unauthorized disclosure of Confidential Information. For purposes of this section, other than in the case of NPI, Confidential Information shall not include information that becomes available to the public through no wrongful action of the receiving party, is already in the possession of the

receiving party and not
subject to an existing agreement of confidentiality between the parties, is
received from a third

party without restriction and without breach of this Agreement, is independently developed by the receiving party, or is disclosed pursuant to a request from a government agency to the extent required by law. This Agreement shall in no way be construed to grant any right, license, or authorization to either party to use Confidential Information except as permitted in this Agreement. Each party shall restrict access to Confidential Information to those employees and persons in the receiving party's organization with a need to know such Confidential Information in order to perform its obligations under this Agreement. Such employees and persons shall be under the same obligations to hold secret and confidential such Confidential Information. To the extent Certegy retains third party vendors to assist it in performing its duties under this agreement, it shall first require such vendors similarly to protect and restrict the use of Confidential Information. The obligations of the parties hereunder shall survive the termination of this Agreement.

Transmissions. 9.

9.1 CSCU and Credit Union Responsibility. CSCU and/or the Credit Unions, as the case may be, shall be responsible for transmission at their expense, and shall bear the risk of loss and damage resulting from the transmission to the data processing center of Certegy of information and data (collectively, "Data"). In the case of physical transmission of Data to Certegy, the responsibility for loss and damage shall remain with CSCU and/or the Credit Unions to the point where and until Certegy receives delivery of the Data through the U.S. mail or by courier, and in the case of electronic transmission, until receipt is confirmed by Certegy, at which time the risk of loss shall shift to Certegy.

9.2 Certegy Responsibility. Certegy shall bear the risk of loss and damage resulting from the transmission of Data from the data processing center of Certegy. In the case of physical transmission of Data from Certegy to CSCU or a Credit Union, the responsibility for loss and damage shall remain with Certegy to the point where and until CSCU or the Credit Union, as the case may be, receives delivery of the Data through the U.S. mail or by courier, and in the case of electronic transmission, until receipt is confirmed by CSCU or the Credit Union, at which time the risk of loss shall shift to CSCU or the Credit Union, as the case may be. Certegy's responsibility for the safekeeping and security of plastic credit cards or blank plastic cards commences upon the delivery of such plastics to Certegy and terminates upon delivery of plastics by Certegy to the mail, courier or freight service designated by CSCU or the Credit Union.

Compliance with Laws and regulations. 10.

10.1 Certegy's Compliance Obligations. Except as provided in items (i) and (ii) of section 10.2 below, Certegy shall be responsible for providing the Services in a manner that

complies with all Federal laws, rules, and regulations as amended or enacted from time to time applicable to the Services, including without limitation the Truth-In-Lending and Fair Credit Billing Acts, and all rules and regulations promulgated under those laws.

10.2 Credit Union Compliance Obligations. Each Credit Union shall be responsible for the following:

(i) preparing its credit application forms, solicitations, and notices of credit approval and denial as well as compliance with all Federal laws, rules, and regulations relating to those documents, including without limitation, where applicable to those documents, the Federal Consumer Credit Protection Act including Truth-In-Lending, the Equal Credit Opportunity act, the Electronic Fund Transfer Act, the Gramm-Leach-Bliley Act of 1999, the U.S.A. PATRIOT Act, and any regulations implementing such acts;

(ii) if the Credit Union elects to prepare any other documentation or text for use with its cardholder accounts, Credit Union shall comply with all applicable laws, rules, and regulations applicable to such documentation or text;

(iii) complying with all state and municipal laws, rules, and regulations as amended or enacted from time to time applicable to all documentation sent to the Credit Union's cardholders;

and

(iv) except as provided in section 10.1 above, complying with all Federal and state laws, rules, and regulations applicable to the operation of its card program, including without limitation state and Federal usury laws, Fair Credit Reporting, Equal Credit Opportunity and Electronic Funds Transfer Acts and all rules and regulations promulgated under these laws relating to the operation of its card program, and all VISA, MasterCard and other card association rules and regulations applicable to card issuing institutions in connection with the operation of its card program.

10.3 Modifications to Card Program. Each Credit Union shall notify Certegy by certified mail if it desires to amend, subject to applicable law and regulation, any aspect of its card program which may impact Certegy's provision of the Services to that Credit Union, including, without limitation, (i) the annual percentage rate it charges, (ii) the percent and dollar amount of minimum payment, (iii) its method of finance charge calculation, and/or (iv) the annual fees of that Credit Union's existing card program.

10.4 Debit Card Disclosures. Notwithstanding anything to the contrary in this section

10, each Credit Union shall be solely responsible for providing any and all required debit card disclosures and forms to its customers. Each Credit Union shall be solely responsible for compliance with all laws, rules, and regulations applicable to all aspects of the operations of its debit card programs, regardless of whether that Credit Union uses any forms or other materials supplied by Certegy.

11. Certegy Procedures. Certegy shall, from time to time, hold training sessions at its facility and such other places as it shall designate, for new Credit Union employees or Credit Union employees needing additional training. Each Credit Union shall be responsible for sending its employees to Certegy training sessions as necessary for them to be fully trained to perform their responsibilities in connection with utilization of the Services. For each area of responsibility to be performed by one or more employees of a Credit Union, that Credit Union shall send at least one employee who will be performing that responsibility to training to be trained in that responsibility. Each Credit Union shall have full responsibility for ensuring that its employees and other representatives comply with all procedures set forth in Certegy's training

manual or other procedural manuals and literature provided to the Credit Union at training sessions or otherwise from time to time, including without limitation those pertaining to verification of the accuracy of account confirmation cards sent by Certegy to the Credit Union and monitoring of combined warning bulletins (collectively, the "Procedures") and shall indemnify, defend, and hold harmless Certegy, its officers and directors, and its successors and assigns from and against any and all liabilities, claims, damages, losses or expenses, including reasonable attorneys' fees (collectively "Claims") that result from, arise out of, or in connection with the failure of an employee or other representative of that Credit Union to follow the Procedures.

12. Responsibility for Counterfeit and Fraudulent Transactions. Each Credit Union assumes financial responsibility for all VISA and MasterCard debit and credit card transactions charged to its cardholder accounts, including but not limited to counterfeit transactions and fraudulent transactions, and shall indemnify and hold harmless CSCU, Certegy, their officers and directors, and their successors and assigns against any and all Claims that result from, arise out of, or in connection with such transactions, unless such Claims are caused by Certegy's negligence, willful misconduct, or failure to perform in accordance with the terms of this Agreement.

Mediation; Arbitration. 13.

13.1 The parties shall submit any dispute arising under section 1.2 to mediation as administered by, and subject to the rules of, the Computer Law Committee of The Florida Bar or such other mediation group mutually agreed to by the parties, to attempt to resolve the dispute. Each party shall be responsible for its own costs and attorneys' fees, if any, incurred during the mediation.

13.2 If mediation under section 13.1 does not result in a full settlement of the dispute, then any matter described in section 1.2 that is disputed shall be submitted to arbitration and decided in accordance with the Commercial Arbitration Rules of the American Arbitration Association, in Tampa, Florida, and the decision rendered by the arbitrators in connection with any such matter shall be binding. In connection with any arbitration pursuant to this section, the arbitrators shall have the discretion to determine whether either party is the prevailing party and to allocate all or more than half of the responsibility for the costs of the arbitration, plus responsibility for all or a portion of the prevailing party's attorneys' fees, to the non-prevailing party. If no such allocation is made, each party shall be responsible for half the costs of the arbitration and that party's entire attorneys fees.

13.3 If either party initiates an action or proceeding at law or in equity that should have been submitted for resolution under section(s) 13.1 or 13.2, then the other party shall be entitled to recover from the party who initiated that action or proceeding, its attorneys' fees and costs incurred in connection with a motion to dismiss the action or proceeding on the grounds that it should have been submitted for resolution under section(s) 13.1 or 13.2.

Termination. 14.

14.1 Events. This Agreement shall terminate on December 31, 2009, or on written notice given from one party to the other after the occurrence of any one of the following:

- (i) the termination of Certegy's right or ability to perform the Services for VISA or MasterCard accounts;
- (ii) the failure of CSCU to obtain and maintain those BIN's and ICA's necessary in order for the Credit Unions to use and share BIN's and ICA's maintained by CSCU;
- (iii) the discontinuance by either party of its performance of this Agreement because of an order of an appropriate state or Federal court or regulatory body to so discontinue its participation;
- (iv) any affirmative act of insolvency by VISA or MasterCard or upon the filing by VISA or MasterCard of any action under any reorganization, insolvency, or Moratorium law, or upon the appointment of any receiver, trustee, or conservator to take possession of the properties of VISA or MasterCard;
- (v) subject to item (vi) below, the failure of either party to cure a material breach of its obligations under this Agreement within thirty (30) days following written notice of the breach from the other party; provided that if the breach cannot reasonably be cured within thirty (30) days, the non-breaching party shall not have the right to terminate this Agreement so long as the breaching party promptly commences to cure the breach within thirty (30) days following the notice of the breach and accomplishes the cure within ninety (90) days; or the failure of Certegy to cure a Material Failure in accordance with section 4.

(vi) 14.2 Cooperation Following Termination. If CSCU gives Certegy written notice of its decision to switch card processors following termination of this Agreement for any reason, Certegy shall cooperate reasonably with CSCU to effect an orderly transition of CSCU's operations to the new processor designated by CSCU. In connection with the conversion of a Credit Union to another card processor, either in connection with CSCU's decision to switch processors or otherwise, Certegy shall (i) cooperate reasonably with the Credit Union to effect an orderly conversion, which may include, but shall not necessarily be limited to, performing those tasks set forth on Exhibit "D" and (ii) at the request of the Credit Union, continue providing the Services to the Credit Union following termination of its Credit Union Service Agreement until the conversion is completed; provided that Certegy shall not be obligated to provide the Services to that Credit Union beyond six (6) months following the effective date of such termination.

14.3 Direct Processing Agreement. Following the resignation of each and every Credit Union from CSCU, either during or following the term of this Agreement, Certegy and that Credit Union shall have the right to contract with each other directly, or indirectly through another association, for processing services. Certegy shall not solicit any of the Credit Unions to

resign from CSCU and enter into a direct contract with Certegy for card processing to commence prior to the termination of this Agreement or any extension or renewal of this Agreement.

15. Services Provided by CSCU. CSCU shall be responsible for and assume all liability for services it provides to the Credit Unions and which are not required to be performed by Certegy under this Agreement.

16. Notices. Except as otherwise provided in this Agreement, any notice, demand, or other communication required or desired to be given under this Agreement by Certegy or CSCU or under a Credit Union Service agreement by Certegy or the Credit Union shall be in writing and shall be deemed validly given forty-eight (48) hours after its deposit in the first class United States mail, certified or registered, postage prepaid, return receipt requested, or if given by other means, upon receipt of delivery. A communication to Certegy or CSCU shall be addressed or delivered to the appropriate party at its address set forth below:

To Certegy: Certegy Card Services, Inc.

11601 Roosevelt Boulevard

St. Petersburg, FL 33716

Attn: President

with a copy to the Certegy law department in St. Petersburg

To CSCU: Card Services for Credit Unions, Inc.

15950 Bay Vista Drive

Suite 170

Clearwater, FL 33760

Attn: President

A communication to a Credit Union shall be addressed or delivered to the address shown on that

Credit Union's Credit Union Service agreement. Either party or a Credit Union may change its

address for the receipt of notices, demands, or other communications by giving notice of the

change in accordance with this section.

17. Indemnification. Certegy shall indemnify, defend and hold harmless CSCU, CSCU

employees, its officers and directors and its successors and assigns from and against any and all

Claims that result from, arise out of, or in connection with Certegy's failure to perform in

accordance with, or any breach by Certegy of, its obligations under this Agreement or any Credit

Union Service Agreement, or any administrative or operating procedures or guidelines agreed to

in writing by both Certegy and CSCU from time to time. Certegy and each Credit Union shall

indemnify, defend and hold harmless the other party, the other party's officers and directors, and

the other party's successors and assigns from and against any and all Claims that result from,

arise out of, or in connection with the indemnifying party's failure to perform in accordance

with, or any breach by the indemnifying party of, its obligations under this Agreement or the

Credit Union Service Agreement. In addition, Credit Union shall indemnify and hold harmless

Certegy, its officers, directors, successors, and assigns from and against any and all Claims

resulting from, arising out of, or in connection with the performance, or nonperformance, of any

vendor as contemplated by section 1.5 of this Agreement.

18. Limitations on Damages. In any action by either party against the other, by a Credit Union or Certegy against the other, or by CSCU or a Credit Union against the other, neither party shall be liable to the other for consequential, special, or exemplary damages; provided that in any action or actions by CSCU and one or more Credit Unions against Certegy arising out of the same general set of circumstances, Certegy may be liable for consequential damages not to exceed Fifty Thousand Dollars (\$50,000) to CSCU or any one Credit Union and Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate.

MasterCard/Visa Requirements. 19.

19.1 Use of Trademarks.

19.1.1 Certegy shall not use any of the MasterCard trademarks and/or Visa Card Program Marks (collectively, the "Marks") on any material in connection with the Service unless CSCU and/or its member, as the case may be, are prominently identified by name and city adjacent to such Marks. All such material may not identify Certegy unless Certegy is prominently identified as an agent or representative of CSCU and/or its members, as the case may be.

19.1.2 Certegy shall have no authority to permit use of the Marks by any of Certegy's agents.

19.2 Solicitation Material. Any solicitation material used by Certegy shall disclose

that the subsequent cardholder and/or merchant agreements are between CSCU's member and the individual cardholder and/or merchant.

19.3 MasterCard Member Service Provider Requirements.

19.3.1 Certegy shall fully comply with all applicable MasterCard Bylaws and Rules and any operational regulations, procedures or guidelines established from time to time by MasterCard (collectively, the "Rules");

19.3.2 Certegy has registered with MasterCard as a Member Service Provider ("MSP") and has submitted a signed MSP Agreement to MasterCard;

19.3.3 Certegy shall indemnify and hold harmless MasterCard, CSCU and its members for any failure by Certegy to comply with the Rules, as amended from time to time;

19.3.4 Certegy shall disclose to CSCU the identity and location of all of its sales

locations and any other MSP or independent party performing part or all of the Services;

19.3.5 If there is any inconsistency between any provisions of the Agreement and the Rules, the Rules in each instance shall apply.

19.3.6 The Agreement is terminable by CSCU in the event of a material breach by Certegy of a Rule applicable to the Services as provided for in section 14.1(v) of this Agreement.

19.4 Visa and MasterCard Risk Management And Reporting Requirements. Certegy shall report to Visa and MasterCard that information which Visa and MasterCard reasonably require from CSCU regarding the risk management reporting requirements of Visa and MasterCard that pertain to the individual Credit Unions. In the event that Visa and MasterCard materially modify what information they require, Certegy shall also provide that additional information; provided, however, if providing that additional information will require additional programming or otherwise cause Certegy to incur significant costs, Certegy's obligations to provide that additional information is subject to the mutual written Agreement of the parties.

20. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

21. Attorneys' Fees. If either party institutes an action or proceeding at law or in equity, to enforce any provision of this Agreement, including an action for declaratory relief or for damages, or otherwise in connection with this Agreement, the prevailing party shall be entitled to recover from the losing party its reasonable attorneys' fees and costs in connection with the action or proceeding, including attorneys' fees and costs in appellate and bankruptcy proceedings. Similarly, the prevailing party in an action or proceeding involving Certegy and a Credit Union in connection with a credit Union Service Agreement or otherwise in connection with the Services shall be entitled to its reasonable attorneys' fees and costs.

22. Exhibits and Schedules. All Exhibits (B, B-1, B-2, C and D) and Schedules (A, B, C, E, G, J, K, and L) attached to this Agreement are incorporated into and made a part of this Agreement by this reference.

23. This Agreement. This Agreement, together with the attached Schedules and Exhibits, supercedes all prior agreements, understandings, or representations of the parties on this subject matter.

24. Severability. If there is any conflict between a provision of this Agreement and any present or future law or regulation, the provision of this Agreement that is affected shall be curtailed only to the extent necessary to bring it within the requirements of the law or regulation, and the remaining provisions shall remain in effect.

25. Non-Waiver. No waiver by a party of a breach of any provision of this Agreement or of a Credit Union Service Agreement shall constitute a waiver of any prior or subsequent breach of the same or any other provision of this Agreement or any Credit Union Service Agreement.

26. Amendments. This Agreement shall not be amended except in writing signed by both parties. The parties shall cooperate in promptly delivering a copy of any amendments to the Credit Unions. Such delivery may be accomplished by either delivering a hard copy of any amendment to the Credit Unions or providing notice of any amendment in a bulletin delivered to

the affected Credit Unions and making actual copies of any amendment available in a printable format on a website that is available to affected Credit Unions and identified in the bulletin.

27. Authority. Each party to this Agreement, and each Credit Union signing a Credit Union Service Agreement, represents and warrants that it has the full right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement or the Credit Union Service agreement, as the case may be, and that those obligations shall be binding without approval of any other person or entity. Each person signing this Agreement on behalf of a party and each person signing a Credit Union Service Agreement on behalf of a Credit Union represents and warrants that he has the full right, power legal capacity, and authority to sign that agreement on behalf of that party or Credit Union.

28. Quality Control Standards. In order to maintain quality service, telephone communications with each Credit Union may be monitored and/or recorded without any further notice or disclosure.

29. Certegy's systems shall remain capable of processing dates using four digit fields for the year throughout the term of this Agreement.

30. Deconversion Fees. In addition to all other amounts owed Certegy, in the event a Credit Union transfers all or a portion of its card base to another processor, to an acquirer of Credit Union's accounts or to Credit Union's internal systems for any reason whatsoever, Credit Union shall pay Certegy a Deconversion Fee equal to \$1.00 per account transferred, with a minimum total charge of \$5,000.00 and a maximum total charge of \$50,000.00, for Certegy's performance of the services required to effectuate the transfer of the accounts from Certegy's processing platform.

31. Protection Against Employee Dishonesty. Certegy shall maintain Commercial Crime, including Employee Dishonesty, insurance coverage in the amount of at least five million dollars (\$5,000,000.00) during the Term of this Agreement and during any subsequent renewal terms to protect against losses by CSCU or Credit Unions resulting from dishonesty of any Certegy

Employee. Certegy shall periodically provide proof of such coverage to CSCU.

CARD SERVICES FOR CREDIT CERTEGY CARD SERVICES, INC.

UNIONS, INC., a Florida corporation a Florida corporation

By: /s/ Lee Kennedy By: /s/ Patrick McGrady

Patrick McGrady

Name

Lee Kennedy

Name

Chairman

Title

Chief Executive Officer

Title

CERTEGY INC.

Special Supplemental Executive Retirement Plan

Article I - Introduction And Establishment

THIS SPECIAL SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (the "Plan"), maintained by Certegy Inc., a Georgia corporation, (the "Company"), is established for the benefit of executive officers of the Company whose ability to participate in an equity split-dollar life insurance program has been limited by the Sarbanes-Oxley Act of 2002. The Plan is effective as of November 7, 2003.

Article II - Definitions

When used in this Plan, the following terms shall have the meanings set forth below unless a different meaning is plainly required by the context:

2.1 Board. "Board" shall mean the Board of Directors of the Company.

2.2 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 2.2, 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 2.2, and specifying the particulars of that finding in detail.

2.3 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 2.3, 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. became effective, or (b) members who became 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.

2.4 Commencement Date. “Commencement Date” with respect to each Participant shall mean the “Commencement Date” as provided in Section 2.1 of the Split Dollar Plan.

2.5 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.

2.6 Early Benefit. “Early Benefit” shall have the meaning provided in Section 4.8.

2.7 ERISA. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

2.8 Executive Officer. “Executive Officer” shall mean an officer of the Company who the Plan Administrator determines, in an exercise of the Plan Administrator’s discretion, to be an executive officer within the meaning of the Sarbanes-Oxley Act of 2002.

2.9 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.

2.10 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.

2.11 Participant. "Participant" shall mean any eligible Executive Officer who is listed on Schedule A, has satisfied the requirements for participation in this Plan and has a Participant Interest.

2.12 Participant Interest. "Participant Interest" shall mean the amount reflected in records maintained by the Plan Administrator to determine each Participant's interest, if any, under this Plan. Such Participant Interest shall be reflected as an entry in the Company's records.

2.13 Payment Event. "Payment Event" shall have the meaning provided in Section 4.7.

2.14 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.

2.15 Plan. "Plan" shall mean the Certegy Inc. Special Supplemental Executive Retirement Plan, as it may be amended from time to time.

2.16 Plan Administrator. "Plan Administrator" shall mean the Compensation and Human Resources Committee of the Board, or its designee or designees. The Plan Administrator shall be the named fiduciary under the Plan.

2.17 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.

2.18 Rollout Event. "Rollout Event" shall have the meaning provided in Section 4.4.

2.19 Split Dollar Plan. "Split Dollar Plan" shall mean the Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan, as amended and restated effective _____, 2003, as amended from time to time.

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

2.21 Valuation Date. "Valuation Date" shall mean any date(s) selected by the Plan Administrator in its sole discretion as of which the Participants' Participant Interests are valued.

2.22 Vesting. "Vesting" shall mean when a Participant becomes vested under the Plan in accordance with Section 4.2

Article III - Participation

3.1 Eligibility and Participation. Each Executive Officer who has been authorized to enter into a Split-Dollar Life Insurance Agreement (Endorsement Non-Equity Method) by the Plan Administrator (but not by any designee thereof) or the Company's Chief Executive Officer shall be eligible to participate in the Plan. An Executive Officer who is eligible to participate shall become a Participant on the date he first has a Participant Interest, as determined by the Plan Administrator or its designee in its discretion. An Executive Officer who becomes a Participant shall continue as a Participant, until his Participant Interest is determined by the Plan Administrator or its designee to have been fully paid out, forfeited or permanently eliminated.

3.2 Participant Interest.

(a) As of one or more Valuation Dates, as determined by the Plan Administrator, a Participant's Participant Interest shall equal a hypothetical value based on the amount by which the Net Cash Value of a relevant Policy exceeds the Net

Company Premiums under such Policy. To the extent the Net Company Premiums under a Policy exceed the Net Cash Value of such Policy, the Participant's Participant Interest value shall be zero (\$0). By becoming a party hereto, Participants expressly acknowledge that while a Participant Interest can have a positive value as of a particular Valuation Date, because of fluctuations in investment markets, such value can decline to zero (\$0) as of a subsequent Valuation Date.

(b) References to a Policy or Policies herein is in no way intended and shall not represent any asset to which a Participant may look for payment or security for payment of any benefit under this Plan. A Policy is only referenced to provide a basis for measuring the Company's obligations under the Plan. Any and all Policies are and shall remain general, unrestricted assets of Company. All benefits payable under the Plan shall be paid from the general assets of the Company. The Company may, but shall not be required, to use funds under a Policy to satisfy its obligations under the Plan, and the Company reserves the right to satisfy its liabilities under the Plan by the transference of rights in a Policy.

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

"Net Cash Value" shall mean the cash surrender value of the Policy reduced, as appropriate, by any indebtedness (and interest thereon) obtained by the Company and secured by the Policy which indebtedness remains outstanding as of the date of such determination.

"Net Company Premiums" shall mean at any point in time the aggregate sum of all premium payments then or theretofore actually paid by the Company credited to the Policy, reduced by any indebtedness (and interest thereon) obtained by the Company and secured by the Policy which indebtedness remains outstanding as of the date of such determination.

"Policy" shall mean the policy or policies of life insurance issued by a commercial insurer on the life of the Participant and legally owned by the Company, together with any and all supplements, endorsements and amendments thereto. For purposes of the Plan, policies listed under Schedule A shall constitute a Policy for purposes of determining Participant Interest values under this Plan.

Article IV - Interest of Participants

4.1 Accounting for Participants' Interests. Each Participant's Participant Interest shall be as described in Section 3.2 and this Section 4.1. A Participant's Participant Interest, if any, may fluctuate at rates determined by assuming such Participant Interest was invested in accordance with guidelines and investment directions determined by the Plan Administrator. Notwithstanding the preceding sentence, the Plan Administrator shall be required to follow the Participant's direction with respect to the investment of the Participant's Participant Interest following a Change in Control. In the event the Participant engages in Competitive Activity during the one-year period following the Participant's termination of employment, the Participant's right to direct investment of some or all of Participant's Participant Interest shall cease as soon as administratively practicable following the Plan Administrator's determination that the Participant has engaged in such Competitive Activity.

4.2 Vesting of a Participant's Participant Interest. Each Participant shall become vested in his or her Participant Interest upon completing three (3) years of service with the Company (or Equifax, Inc., for periods prior to the Company's spinoff), measured from the earlier of (i) the Participant's Commencement Date, or (ii) in the case of a Participant who transferred to the Company in connection with its spinoff from Equifax, Inc., the date the Participant commenced participation in the Equifax Inc. Executive Life and Supplemental Retirement Benefit Plan (U.S.). Notwithstanding the prior sentence, a Participant's Participant Interest shall be considered to have no value in the circumstances specified in Section 4.5(b) below.

A Participant shall only receive credit towards becoming vested in his or her Participant Interest while the Participant is actively employed by the Company (or on an authorized leave of absence); provided, however the Participant shall continue to receive vesting credit towards his or her Participant Interest 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.

Notwithstanding a Participant's being fully vested in his or her Participant Interest, the Participant's Participant Interest can fluctuate to the extent that it has no value.

4.3 Termination Date. A Participant's participation in this Plan shall terminate upon the earliest of the following events to occur (each a "Termination Date"):

- (a) The Participant's termination of employment from the Company prior to Vesting other than on account of (i) Retirement, (ii) becoming Permanently Disabled, (iii) Good Reason or (iv) a job elimination;
- (b) The termination of the Participant's employment by the Company for Cause;
- (c) The Participant engaging in a Competitive Activity during the one-year period following his or her termination of employment;
- (d) Prior to both a Change in Control and the Participant's Vesting, the termination of the Plan;
- (e) Prior to both a Change in Control and the Participant's Vesting, the date the Company, in its sole discretion, voluntarily elects to terminate Participant's participation in the Plan; or
- (f) The death of the Participant.

4.4 Rollout Event. The Plan Administrator, in its discretion, may declare a Rollout Event to occur with respect to a Participant on the latest of (i) the fifteenth (15th) anniversary of the Participant's Commencement Date, (ii) Participant's attainment of age sixty (60), or (iii) the Participant's Retirement or becoming Permanently Disabled. The Plan Administrator, in its discretion, may also declare a Rollout Event to occur with respect to a Participant on or as of a date following the Participant's engaging in a Competitive Activity during the one-year period following his or her termination of employment but before benefit payments under the Plan have otherwise commenced. If a Rollout Event is declared, the Plan Administrator shall take such steps as are appropriate to effect payment of benefits under the Plan as soon as administratively practicable.

4.5 Amount of Benefit.

(a) The benefit to which a Participant shall be entitled under the Plan upon the commencement of benefit payments pursuant to Section 4.7 below, shall be the value of Participant's Participant Interest, if any, as determined by the Plan Administrator as of the Valuation Date immediately preceding or commensurate with the date benefits are actually paid or deemed paid to the Participant. In the event the Participant's Interest is paid in installments, the value of each installment shall be determined under Section 4.6.

(b) Notwithstanding any provision of this Plan to the contrary, a Participant will be deemed to have no value in his or her Participant Interest, and no benefit shall be payable to Participant or on Participant's behalf pursuant to this Plan, at the occurrence of any one of the following events:

- Death of the Participant;
- Termination of the Participant's employment by the Company for Cause; or
- Prior to the Participant's Vesting in his or her Participant Interest, voluntary termination of the Participant's employment with the Company by the Participant without Good Reason.

(c) As an addition to each benefit payment, the Company shall "gross up" each such payment as provided in this Section 4.5(c), except a benefit payment to a Participant who is determined by the Plan Administrator to have engaged in a Competitive Activity within the one year period following termination of employment. Specifically, such gross up shall be determined by the Plan Administrator based on a reasonable estimate of the approximate tax savings to be realized by the Company on account of its being able to obtain a tax deduction for the amount of the benefit payment and any gross up payment pursuant to this Section 4.5(c), taking into account a reasonable estimate of the Company's combined federal, state and local income tax bracket. It is intended that a tax deduction shall be taken into account under the preceding sentence only to the extent that it is not offset by an income item to the Company that is directly related to the payment of the benefit or any gross up.

(d) Notwithstanding any provision of this Plan to the contrary, if at any time during the one-year period following the Participant's termination of employment, the

Participant engages in Competitive Activity, as determined in the discretion of the Plan Administrator, the amount of the Participant's Participant Interest shall be limited to the lesser of (i) the value as of the Valuation Date commensurate with or immediately preceding the date as of which the Plan Administrator has determined that the Participant first engaged in such Competitive Activity (reduced appropriately for any benefit payments), or (ii) the value as otherwise determined under Section 4.5(a) above.

4.6 Form of Benefit.

(a) A Participant may elect to provide payment instructions that provide for payment of such Participant's benefit, if any, in either (i) a single sum payment, or (ii) substantially equal installments of principal payable over a period of not less than two (2) or more than ten (10) years; provided, however, that, if such Participant elects the installment method, the Participant shall elect to have installments paid either quarterly (as of the last day of each calendar quarter), or annually (as of the last day of each calendar year), and interest shall be paid with each installment payment with interest credited at five percent (5%) simple annual interest on the undistributed portion of the principal amount.

(b) If the Participant elects to receive his or her Plan benefit in a single sum payment, the Company may elect in its discretion to effect such payment either in cash or through transfer of an interest in a Policy, with cash value related to such interest that is equal to the single sum benefit payment.

(c) Notwithstanding the above Participant elections, the Plan Administrator may at any time, in its discretion, direct payment of a Participant's benefit in a single sum payment if – (i) such Participant's Participant Interest is less than \$10,000, or (ii) the Plan Administrator determines that the Participant has engaged in Competitive Activity during the one-year period following the Participant's termination of employment.

4.7 Timing of Benefit – Payment Event.

(a) Any benefit payments to a Participant shall generally commence as soon as practicable following the occurrence of a Rollout Event. In the event a Participant terminates employment for Good Reason or in the event of the Participant's job elimination, any benefit payments shall commence not later than as soon as practicable following the later of (i) the fifteenth anniversary of the Participant's Commencement Date, or (ii) Participant's attainment of age sixty (60). Any date as of which payment of a Participant's benefit is to commence under this subsection shall be referred to as a "Payment Event."

(b) Benefit payments to a Participant shall commence in accordance with written instructions that such Participant has provided to the Plan Administrator with respect to such payments, provided that such instructions must be consistent with the terms of the Plan. Participants may provide such instructions at any time prior to a Payment Event, and they may modify such instructions at any time prior to a Payment Event by providing new instructions.

(c) Upon the occurrence of a Payment Event, the Plan Administrator will follow the Participant's last instructions that were submitted at least six (6) months prior to such Payment Event, and instructions submitted within such 6-month period shall be disregarded; provided, however, that in the event a Participant's first written instructions are submitted within six (6) months of the Payment Event, distributions shall commence as soon as practicable following the earlier of six (6) months following the Plan Administrator's receipt of such written instructions or twelve (12) months following the Payment Event.

4.8 Timing of Benefit – Early Benefit.

(a) Notwithstanding Section 4.7, a Participant may elect for benefit payments to commence after the seventh (7th) anniversary of the Participant's Commencement Date and after the earlier of the following events has occurred – (i) the Participant's Retirement, or (ii) Participant's attainment of age sixty (60). The benefit payments that are triggered by an election under the preceding sentence are referred to as an "Early Benefit".

(b) To obtain an Early Benefit, a Participant must notify the Plan Administrator of his or her election of the Early Benefit at least two (2) years prior to the date the Early Benefit would first commence, and the Participant can revoke such election at any time prior to the date that is two (2) years prior to the date the Early Benefit would first commence in accordance with such election.

(c) Once a Participant has made an Early Benefit election, not later than six (6) months prior to when payment would commence in accordance with such election the Participant may provide in writing for deferrals of the commencement of the Early Benefit in two (2) year increments, measured from the date the Early Benefit would first commence. In the event a Participant elects such deferral, the Participant may further elect additional two (2) year deferrals provided each such additional deferral election is provided in writing to the Plan Administrator at least six (6) months prior to the time of payout under the existing Early Benefit deferral election. The Participant may revoke any Early Benefit deferral election at any time prior to the date that is six (6) months prior to the effective date of an Early Benefit deferral election.

4.9 Loans on the Participant Interest. A Participant shall have no rights to borrow against his or her Participant Interest.

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 are made with respect to the Participants, and the Company shall make contributions, as provided in such grantor trust, as reasonably determined by the trustee.

Article VI - Plan Administrator

6.1 Members. The Plan Administrator shall be the Compensation Committee of the Board or such other committee or an individual appointed by the Board to serve at its pleasure. Members of any such committee shall not be required to be employees of the Company or Participants. Any committee member may resign by giving notice, in writing, filed with the Company.

6.2 Action. Action of the Plan Administrator may be taken with or without a meeting of committee members; provided, however, that any action shall be taken only upon the vote or other affirmative expression of a majority of the committee members qualified to vote with respect to such action. If a member of the committee or the appointed individual is a Participant in the Plan, he shall not participate in any decision that solely affects his or her own Participant Interest. The Plan Administrator shall for purposes of administering the Plan choose a secretary who shall keep minutes of the Plan Administrator's proceedings and all records and documents pertaining to the administration of this Plan. The secretary may execute any certificate or any other written direction on behalf of the Plan Administrator.

6.3 Right and Duties. The Plan Administrator shall administer and manage the Plan and shall have all powers necessary to accomplish that purpose, including (but not limited to) the following:

- (a) To construe, interpret, and administer this Plan;
- (b) To make allocations and determinations required by this Plan, and to maintain records regarding Participants' Participant Interests;
- (c) To compute and certify to the Company the amount and kinds of benefits payable to Participants or their Beneficiaries, and to determine the time and manner in which such benefits are to be paid;
- (d) To authorize all disbursements by the Company pursuant to this Plan;
- (e) To maintain (or cause to be maintained) all the necessary records of the administration of this Plan;
- (f) To make and publish such rules for the regulation of this Plan as are not inconsistent with the terms hereof;
- (g) To delegate to other individuals or entities from time to time the performance of any of its duties or responsibilities hereunder;
- (h) To establish or to change the investment funds or arrangements under Section 4.1(d) of the Plan; and

(i) To hire agents, accountants, actuaries, consultants and legal counsel to assist in operating and administering the Plan.

The Plan Administrator shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount and manner of payment of such benefits, and its decisions on such matters shall be final and conclusive on all parties.

6.4 Compensation, Indemnity and Liability. The Plan Administrator shall serve as such without bond and without compensation for services hereunder. The Company shall pay all expenses of the Plan and the Plan Administrator. If the Plan Administrator is a committee, no member of the committee shall be liable for any act or omission of any other member of the committee, or for any act or omission on his or her own part, excepting his or her own willful misconduct. The Company shall indemnify and hold harmless the Plan Administrator and each member of the committee, if any, against any and all expenses and liabilities, including reasonable legal fees and expenses, arising out of his or her membership on the committee, excepting only expenses and liabilities arising out of his or her own willful misconduct.

6.5 Taxes. If the whole or any part of any Participant's Participant Interest shall become liable for the payment of any estate, inheritance, income, or other tax which the Company shall be required to pay or withhold, the Company shall have the full power and authority to withhold and pay such tax out of any monies or other property in its hand for the account of the Participant whose interests hereunder are so liable. 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.

Article VII - Claims Procedure

7.1 Claims for Benefits. A Participant or his or her duly authorized representative (the "claimant") may make a claim for benefits under the Plan to the Plan Administrator. The claim shall be reviewed, and the claimant shall be notified in writing of the Plan Administrator's decision within ninety (90) days following the date the Plan Administrator receives the claim. If special circumstances are involved, this ninety (90) day period may be extended for up to an additional ninety (90) days. If such an extension is necessary, the claimant shall receive written notice of the extension before the end of the initial ninety (90) day period.

If the claim is denied, the notice shall explain the reason for the denial, quoting the sections of the Program or other pertinent documents, if any, used to arrive at this decision; provide a description of any additional material or information that would be helpful to the Plan Administrator in further review of the claim and reasons why such material or information is necessary; and provide an explanation of the claims review procedure.

7.2 Appeals. If a claimant is not satisfied with the decision of the Plan Administrator regarding the claim, the claimant may appeal the decision of the Plan Administrator by filing a written request with the Plan Administrator. This written request must be filed with the Plan

Administrator within sixty (60) days following the date the claimant receives the written decision of the Plan Administrator. The claimant may review any applicable documents and may also submit points of disagreement or other comments in writing.

The Plan Administrator, in its discretion, may schedule a meeting with the Participant and/or his or her representative within sixty (60) days after the claimant has filed the request for review. Within sixty (60) days of the date of the receipt of the request for review by the Plan Administrator, the claimant shall receive written notice of the Plan Administrator's final decision. However, if a hearing is held or there are other special circumstances involved, the decision shall be given no later than one hundred and twenty (120) days following the date the Plan Administrator receives the appeal. If such an extension of time is necessary, the claimant shall receive written notice of the extension before it begins.

The Plan Administrator shall interpret this Article VI such that the claims procedures applicable under the Program conform to the claims review requirements of Part 5, Title I of ERISA.

Article VIII - Amendment And Termination

8.1 Amendments. The Board shall have the right in its sole discretion to amend this Plan in whole or in part at any time; provided, however, that no such amendment shall reduce the amounts credited at that time to any Participant's Participant Interest, no such amendment after a Change in Control has occurred shall change the definition of "Change in Control" or "Good Reason," or otherwise adversely affect the rights of a Participant without the consent of the Participant, and no such amendment after a Participant's Vesting shall adversely affect the rights of such Participant without the written consent of the Participant. Any amendment shall be in writing and executed by a duly authorized officer of the Company. All Participants shall be bound by such amendment.

8.2 Termination of Plan. The Company expects to continue this Plan, but does not obligate itself to do so. The Company reserves the right to discontinue and terminate the Plan at any time, in whole or in part, for any reason (including a change, or an impending change, in the tax laws of the United States or any State). If the Plan is terminated, the Plan Administrator shall be notified of such action in a writing executed by a duly authorized officer of the Company, and the Plan shall be terminated at the time therein set forth. Termination of the Plan shall be binding on all Participants, but in no event may such termination reduce the amounts credited at that time to any Participant's Participant Interest. If this Plan is terminated, amounts theretofore credited to Participants' Participant Interests shall either be paid in a lump sum immediately, or distributed in some other manner consistent with this Plan, as determined by the Plan Administrator in its sole discretion. Notwithstanding the preceding provisions of this Section 8.2, in the event of a Change in Control and following a Participant's Vesting, the Company shall not be able to reduce a Participant's rights pursuant to this Section 8.2 to an extent that exceeds its ability to reduce the Participant's rights under Section 8.1.

Article IX - Miscellaneous

9.1 Limitation on Participant's Rights. Participation in this Plan shall not give any Participant the right to be retained in the Company's employ or any right or interest in this Plan or any assets of the Company other than as herein provided. The Company reserves the right to terminate the employment of any Participant without any liability for any claim against the Company under this Plan, except to the extent provided herein.

9.2 Benefits Unfunded. The benefits provided by this Plan shall be unfunded. All amounts payable under this Plan to Participants shall be paid from the general assets of the Company, and nothing contained in this Plan shall require the Company to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. This Plan shall create only a contractual obligation on the part of the Company, and Participants shall have the status of general unsecured creditors of the Company under the Plan with respect to any obligation of the Company to pay benefits pursuant hereto. Any funds of the Company available to pay benefits pursuant to the Plan shall be subject to the claims of general creditors of the Company, and may be used for any purpose by the Company.

Notwithstanding the preceding paragraph, the Company may at any time transfer assets to a trust for purposes of paying all or any part of its obligations under this Plan. However, to the extent provided in the trust only, such transferred amounts shall remain subject to the claims of general creditors of the Company only in accordance with the terms of such trust. To the extent that assets are held in the trust when a Participant's benefits under the Plan become payable, the Plan Administrator shall direct the trustee to make trust assets available to pay such benefits to the Participant. Any payments made to a Participant from such trust shall relieve the Company from any further obligations under the Plan only to the extent of such payment.

9.3 Other Plans. This Plan shall not affect the right of any eligible Executive Officer or Participant to participate in and receive benefits under and in accordance with the provisions of any other employee benefit plans which are now or hereafter maintained by the Company, unless the terms of another employee benefit plan or plans specifically provide otherwise; provided, however, that in the event any eligible Executive Officer or Participant asserts a right or is otherwise granted a right to payment under any other employee benefit plan of the Company, which payment the Plan Administrator determines to be otherwise payable under this Plan, then the Plan Administrator may withhold payment to the Executive Officer or Participant under this Plan to the extent the Plan Administrator deems appropriate. In addition, see Section 8.10 of the 2003 restatement of the Executive Life and Supplemental Retirement Benefit Plan with respect to the eligibility of Participants under this Plan for the Company's basic life insurance, basic accidental death and dismemberment insurance and its retiree life insurance.

9.4 Receipt or Release. Any payment to a Participant in accordance with the provisions of this Plan shall, to the extent thereof, be in full satisfaction of all claims against the Plan Administrator and the Company, and the Plan Administrator may require such Participant, as a condition precedent to such payment, to execute a receipt and release to such effect.

9.5 Governing Law. This Plan shall be construed, administered, and governed in all respects in accordance with applicable federal law and, to the extent not preempted by federal law, in accordance with the laws of the State of Georgia. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

9.7 Gender, Tense, and Headings. In this Plan, whenever the context so indicates, the singular or plural number and the masculine, feminine, or neuter gender shall be deemed to include the other. Headings and subheadings in this Plan are inserted for convenience of reference only and are not considered in the construction of the provisions hereof.

9.8 Successors and Assigns; Nonalienation of Benefits. This Plan shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns; provided, however, that the amounts credited to the Participant's Participant Interest shall not (except as provided in Section 5.5) be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to any benefits payable hereunder, including, without limitation, any assignment or alienation in connection with a separation, divorce, child support or similar arrangement, shall be null and void and not binding on the Plan or the Company.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed by its duly authorized officers to be effective as of the date first set forth above.

ATTEST:
[Corporate Seal]

COMPANY:
CERTEGY INC.

By: _____

Title: _____

Secretary

Schedule A

Participant

Policy

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

CERTEGY INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(Effective As of November 5, 2003)

CERTEGY INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

PREAMBLE

The Certegy Inc. Supplemental Executive Retirement Plan ("Plan") is designed to be a supplemental retirement plan covering a select group of management and highly compensated employees of Certegy Inc. (the "Company") and any Adopting Employer. The benefits under the Plan are unfunded and all amounts payable under the Plan shall be paid from the general assets of the Company (except as otherwise provided herein). The effective date of the Plan as set forth herein is November 5, 2003 ("Effective Date").

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ARTICLE I
DEFINITIONS AND CONSTRUCTION

1.1 Definitions: Where the following words and phrases appear in this Plan, they shall have the meanings set forth below, unless the context clearly indicates to the contrary:

(a) Accrued Benefit: Subject to adjustment as hereinafter provided, with respect to any Participant at any time ("Determination Date"), an annual benefit payable in the form of a single life annuity, commencing on the Participant's Normal Retirement Date in an amount equal to fifty percent (50%) of the Participant's Average Annual Compensation multiplied by a fraction (no greater than 1), the numerator of which is the Participant's Years of Benefit Service at the Determination Date and the denominator of which is thirty (30), reduced by the accrued benefit, or the Actuarial Equivalent of the accrued benefit, which the Participant is entitled to receive from the Certegy Pension Plan at the Participant's Normal Retirement Date under this Plan. If a Participant retires on his Late Retirement Date, the calculation of the Participant's Accrued Benefit, including the related offsets, shall be made as of the Participant's Late Retirement Date. The determination of a Participant's Accrued Benefit under this Section 1.1(a) shall be made by the Administrator in good faith in a consistent manner with respect to all Participants and its decisions on such matters shall be binding and conclusive on all parties.

Notwithstanding the foregoing, if a Participant who received a distribution or distributions following his Termination Date or Retirement is re-employed and again becomes an active Participant, such Participant's Accrued Benefit, as computed pursuant to this Section, shall be reduced by the monthly Accrued Benefit amount that is the Actuarial Equivalent of the distribution(s) made to the Participant.

(b) Actuarial (or Actuarially) Equivalent:

(i) For purposes of determining the value of a Participant's Participant Interest under the Certegy Special Supplemental Program pursuant to Section 3.9, a benefit of equivalent value determined using an interest rate equal to 7% per annum and the mortality table prescribed by the Commissioner of Internal Revenue pursuant to Rev. Rul. 95-6 (as hereafter amended or modified);

(ii) For purposes of determining the amount of a single lump sum payment under Section 3.8(c), an amount of equivalent value determined using the following assumptions:

(A) an annual interest rate equal to the "applicable interest rate" as the Secretary of the Treasury has then prescribed pursuant to Code Section 417(e)(3)(A)(ii)(II) for the second full calendar month preceding the first day of the Plan Year during which occurs the date of payment. This rate is currently equal to the annual rate of interest on 30-year Treasury securities as published by the Commissioner of Internal Revenue, and

(B) the morality table prescribed by the Commissioner of Internal Revenue pursuant to Rev. Rul. 95-6 (as hereafter amended or modified).

(iii) For purposes of determining the equivalent value of optional forms of benefits under Sections 3.8(a) and (b), the Actuarial Equivalent factors shall be the same as those used in the Certegy Pension Plan.

(c) Administrator: The Company and any person or committee designated by the Company to perform all or any portion of the duties and responsibilities of the Administrator under the Plan.

(d) Adopting Employer: An employer that, with the consent of the Company, adopts the Plan for the benefit of one or more of its Executives, in accordance with such terms and conditions as may be imposed by the Company.

(e) Annual Bonus: The amount awarded an Executive under the Company's annual incentive bonus program, subject to the provisions and limitations contained in Section 1.1(n) of the Plan.

(f) Authorized Leave of Absence: Any absence authorized by the Company, provided that the Participant returns within the period specified in the Authorized Leave of Absence.

(g) Average Annual Compensation: The applicable annual amount shall be the average of the Participant's Compensation for the three highest calendar years during the ten calendar years immediately preceding the Participant's date of Retirement or death, or Termination Date.

(h) Beneficiary: The person or persons last designated in writing by the Participant on a form provided by the Administrator to receive benefits under Sections 3.8(a) or (b) of the Plan in the event of the Participant's death. If no designation of Beneficiary shall be in effect under Section 3.8(a) at the time of a Participant's death or if all designated Beneficiaries shall have predeceased the Participant, then the Beneficiary shall be the Participant's Eligible Spouse or if there is no such Eligible Spouse, the Participant's estate or legal representative.

(i) Board: The Board of Directors of Certegy Inc.

(j) Break in Service: A One Year Break in Service, as defined in the Certegy Pension Plan, which may result in a cancellation of the Participant's previous Years of Benefit Service as provided in Section 2.2.

(k) Certegy Pension Plan: The tax-qualified retirement plan known as the Certegy Inc. Pension Plan, as it may be amended from time to time.

(l) Certegy Special Supplemental Program: The Certegy Inc. Special Supplemental Executive Retirement Plan and any similar program designed to replace benefits a Participant was previously entitled to receive under an equity split-dollar life insurance program.

(m) Company: Company shall mean Certegy Inc. (or its successor or successors). Affiliated or related employers that are permitted to adopt the Plan with the consent of the Company shall be known as Adopting Employers. To the extent required by certain provisions (e.g., determining Average Annual Compensation and Years of Benefit Service), references to the Company shall include the Adopting Employer of the Participant.

(n) Compensation: Subject to adjustment as provided in the next sentence, "Compensation" shall be the Participant's salary and wages for each calendar year during which he is employed by the Company, and any Annual Bonus paid during such year. In either case, Compensation shall include any amounts of salary or Annual Bonus which shall be voluntarily deferred by the Participant under any salary or bonus deferral or reduction program (whether qualified or non-qualified) which may be instituted by the Company, but Compensation shall not include any earnings or Company match on these deferred amounts, or payments from such programs or payments from any similar salary deferral or bonus deferral programs, or any income from long-term cash incentive programs, stock options, restricted stock, restricted stock units or similar grants. A Participant's Compensation for calendar years prior to the Effective Date during which he was employed by the Company or a predecessor shall be credited under this Plan.

(o) Disability Retirement Date: The date of Retirement due to Disability as specified in Section 3.4.

(p) Early Retirement Date: The first day of the month coincident with or next following the Participant's (i) attainment of age 55 and completion of five (5) Years of Vesting Service, or (ii) attainment of at least age 50 where the sum of the Participant's age and Years of Benefit Service total at least 75.

(q) Effective Date: This Plan is effective November 5, 2003.

(r) Eligible Spouse: The individual to whom a Participant is legally married on the earlier of his date of benefit commencement or his date of death.

(s) Equifax: Equifax Inc., a Georgia corporation, and the corporation from which the Company was spun-off on July 3, 2001.

(t) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.

(u) Executive: Any person who, on or after the Effective Date, (i) is classified by the Company as an executive of the Company (or an Adopting Employer), (ii) is receiving remuneration for personal services rendered to the Company (or an Adopting Employer), and

(iii) is designated by the Board or Compensation Committee of the Board (as appropriate) as eligible to participate in the Plan and who is listed on an Appendix attached hereto.

(v) Late Retirement Date: The date of Retirement subsequent to a Participant's Normal Retirement Date as specified in Section 3.2.

(w) Normal Retirement Date: The first day of the month following the Participant's attainment of age 60.

(x) Participant: An Executive participating in the Plan in accordance with the provisions of Section 2.1.

(y) Plan Year: A twelve (12) month period beginning on January 1 and ending on December 31.

(z) Plan: The Certegy Inc. Supplemental Executive Retirement Plan, the Plan set forth herein, as it may be amended from time to time.

(aa) Retirement (Retire): Termination of employment for reason other than death after a Participant has fulfilled all requirements for Normal Retirement, Late Retirement, Early Retirement, or Disability Retirement. Retirement shall be considered as commencing on the day immediately following a Participant's last day of employment (or Authorized Leave of Absence, if later).

(bb) Severance Protection Agreement: The letter agreement entered into between the Company and the Participant which provides for the payment of compensation and benefits to the Participant in the event of the Participant's termination of employment under certain circumstances following a Change in Control of the Company (as defined in the Severance Protection Agreement).

(cc) Termination Date: The date of termination of an Executive's employment with the Company for reasons other than death or Retirement.

(dd) Total and Permanent Disability: The term Total and Permanent Disability shall have the same meaning as the term "Disabled" as defined in the Certegy Pension Plan. The determination of Total and Permanent Disability shall be made by the Administrator in its discretion based upon the information provided to it.

(ee) Vested Participant: A Participant whose Termination Date occurs after the completion of at least ten (10) Years of Vesting Service, but prior to achieving eligibility for Retirement.

(ff) Year of Benefit Service: A Participant shall be credited with one (1) Year of Benefit Service under the Plan (i) for each Year of Benefit Service with which the Participant is credited under the Certegy Pension Plan, (ii) if the Participant was employed by an employer acquired by Certegy or Equifax, for the Participant's years of service with such

employer prior to the date of such acquisition (which are not otherwise credited under the Certegy Pension Plan), determined in the same manner as a Year of Benefit Service under the Certegy Pension Plan, provided that that there shall be no duplication in crediting such years of service, and (iii) for any other years of service designated on an Appendix attached hereto.

(gg) Year of Vesting Service: A Participant shall be credited with one (1) year of Vesting Service under the Plan (i) for each Year of Vesting Service with which the Participant is credited under the Certegy Pension Plan, and (ii) for any other years of service designated on an Appendix attached hereto.

1.2 Construction: The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates to the contrary. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or Section.

ARTICLE II

PARTICIPATION AND BREAK IN SERVICE

2.1 Eligibility for Participation:

(a) In General - An Executive designated on Appendix A attached hereto shall become a Participant in this Plan on the later of the Effective Date or the date designated in Appendix A, subject to the conditions and limitations provided for herein. A former Participant who is rehired may again become a Participant upon again being designated as eligible to participate in the Plan.

(b) Special Eligibility - The Board or the Compensation Committee of the Board may provide on an Appendix for special conditions or limitations with respect to the participation in the Plan by any Executive designated as eligible to participate in the Plan.

2.2 Break in Service: Upon Retirement, death or other termination of employment, a Participant's rights and benefits under the Plan shall be determined in accordance with his Years of Vesting Service, Years of Benefit Service, Average Annual Compensation, and other applicable Plan provisions at the time of termination of employment. If a Participant incurs a Break in Service and is later rehired by the Company and becomes eligible to participate in the Plan, his prior Years of Benefit Service shall only be counted for purposes of determining his Accrued Benefit subsequent to rehire, if (i) at the time of his Break in Service he had at least ten (10) Years of Vesting Service, qualified for Early Retirement, or was at least age 60, or (ii) the period of his Break in Service is less than his prior Years of Vesting Service. If the Participant received payments from the Plan during his Break in Service period, his Accrued Benefit shall be adjusted in the manner provided in Section 1.1(a).

2.3 Participants Bound: Each Executive becoming a Participant hereunder shall be conclusively presumed for all purposes to have consented to this Plan and any amendments, modifications or revisions hereto, and to all the terms and conditions thereof, and shall be bound thereby with the same force and effect as if he had entered into a contract to such effect and any amendments, modifications or revisions hereto.

2.4 Transfers: The following rules shall apply when an Executive transfers to or from eligibility for participation in the Plan while an employee of the Company:

(a) When Executive Becomes A Participant: An Executive of the Company who becomes a Participant under this Plan in accordance with Section 2.1, shall have his Compensation, Years of Benefit Service and Years of Vesting Service for periods prior to the date he becomes a Participant in the Plan count for purposes of this Plan, unless otherwise provided in an Appendix applicable to such Participant.

(b) Accrued Benefit Upon Transfer To A Non-Eligible Status: If a Participant becomes ineligible to participate but remains in employment with the Company, his Accrued

Benefit under this Plan will be determined as though his becoming ineligible to participate were a termination of employment, and his Termination Date will be deemed to be the date of his ineligibility. A Participant shall not be eligible to receive benefits from this Plan until the Participant terminates employment with the Company and all affiliated employers. A former Participant's Compensation and service after the date of transfer shall not be counted for any purposes under this Plan, unless otherwise provided in an Appendix applicable to such former Participant.

ARTICLE III
RETIREMENT AND TERMINATION DATES

3.1 Normal Retirement Benefit: A Participant may retire on his Normal Retirement Date, on which date he shall be fully vested, and his Accrued Benefit (subject to reduction as provided in Section 3.9) shall commence as of his Normal Retirement Date. The Participant's retirement benefit shall be his Accrued Benefit (subject to reduction as provided in Section 3.9) and shall be payable in the normal form described in Section 3.7, subject to the right of the Participant to elect an optional form of payment as provided in Section 3.8.

3.2 Late Retirement Benefit: When permitted by Company policy, a Participant may continue his employment beyond his Normal Retirement Date and in such event his Accrued Benefit (subject to reduction as provided in Section 3.9) shall commence as of the first day of the calendar month coinciding with or next following the date of his actual Retirement, which shall be his Late Retirement Date. The Participant's Late Retirement Benefit shall be payable in the normal form described in Section 3.7, subject to the right of the Participant to elect an optional form of payment as provided in Section 3.8.

3.3 Early Retirement Benefit: A Participant may retire on or after his Early Retirement Date and prior to his Normal Retirement Date and be entitled to an Early Retirement Benefit. If he retires early, the Participant's benefit shall be equal to his Accrued Benefit (subject to reduction as provided in Section 3.9), payable in the normal form described in Section 3.7 (subject to the right of the Participant to elect an optional form of payment as provided in Section 3.8) and payment shall commence as of the first day of the calendar month coinciding with or next following the Participant's Normal Retirement Date. A Participant may elect to commence his Early Retirement Benefit as of the first day of the calendar month coinciding with or next following his Retirement, or as of the first day of any subsequent calendar month which precedes his Normal Retirement Date. In such event, the Participant's Accrued benefit (subject to reduction as provided in Section 3.9), payable in the normal form, shall be reduced five-twelfths of one percent (5/12ths of 1%) for each full month or portion thereof by which the commencement of the Early Retirement Benefit precedes the Participant's Normal Retirement Date.

3.4 Disability Retirement Benefit: A Participant who has completed at least five (5) Years of Vesting Service shall be eligible for a Disability Retirement Benefit if he retires by reason of Disability and his Disability Retirement Date shall be the day next following the day on which the Participant is deemed to have a Total and Permanent Disability as defined in Section 1.1(dd). The amount of the Participant's Disability Retirement Benefit shall be equal to his Accrued Benefit as of his Disability Retirement Date. A Disability Retirement Pension (subject to reduction as provided in Section 3.9) shall commence as of the first day of the calendar month coinciding with or next following the later of his attainment of age 55 or his Disability Retirement Date, without adjustment for commencement prior to his Normal Retirement Date and shall be payable in the normal form described in Section 3.7 (subject to the right of the Participant to elect an optional form of payment as provided in Section 3.8).

3.5 Vested Participant Benefit: A Vested Participant as defined in Section 1.1(ee) shall be entitled to a benefit equal to his Accrued Benefit (subject to reduction as provided in Section 3.9), payable in the normal form described in Section 3.7. Payment of such benefit shall commence on the first day of the calendar month coinciding with or next following the Vested Participant's Normal Retirement Date, unless the Administrator in its sole discretion provides for an earlier payment date for any Vested Participant (or Participants), with an Actuarial Equivalent reduction in the Participant's benefit.

3.6 Termination Prior to Completion of Ten (10) Years of Vesting Service: Except in the event of a Participant's death, Total and Permanent Disability, qualifying for Early Retirement, or attainment of his Normal Retirement Date, a Participant whose Termination Date occurs prior to the completion of ten (10) Years of Vesting Service shall be entitled to no benefits under this Plan.

3.7 Normal Form of Payment of Accrued Benefit: The normal form of benefit payment shall be the Participant's Accrued Benefit (subject to reduction as provided in Section 3.9) divided by 12. Subject to Section 7.3, if the Participant is single at the date of benefit commencement, the benefit shall be payable monthly for the life of the Participant with no survivor benefits payable. Subject to Section 7.3, if the Participant has an Eligible Spouse at the date of benefit commencement, the normal form of payment shall be a joint and 50% survivor annuity which is the Actuarial Equivalent of the single life annuity, with the Eligible Spouse receiving after the Participant's death a benefit equal to 50% of the monthly benefit the Participant was receiving. A Participant may elect to receive his Accrued Benefit in one of the optional forms of payment provided in Section 3.8 below, provided that the Participant's Eligible Spouse must consent in writing to the election of an optional form of payment. Any such optional form of payment shall be the Actuarial Equivalent of the normal form of benefit payment provided for in this Section 3.7. The Committee may, in its discretion, in circumstances deemed appropriate by the Committee (including the Participant's financial hardship or a change in financial circumstances of the Participant), accelerate payments to a Participant on a basis comparable to the Actuarial Equivalent of the benefit otherwise payable to the Participant.

3.8 Optional Forms of Payment: In lieu of the normal form of payment of Accrued Benefit described in Section 3.7, a Participant eligible for a benefit under the Plan may elect, in accordance with such procedures (including Eligible Spouse consent) and advance election requirements as the Administrator may establish, to receive his Accrued Benefit (subject to reduction as provided in Section 3.9) in any of the optional forms listed below, which shall be the Actuarial Equivalent of the normal form in Section 3.7:

(a) **Ten Years Certain and Life Annuity Option:** A monthly income payable for the life of the Participant, except that payments are guaranteed for 120 months, regardless of whether the Participant survives such ten-year period. If the Participant dies before such 120 monthly payments have been made, the Participant's Beneficiary will receive any remaining guaranteed monthly payments under this option (a); however, if the Beneficiary of the guaranteed payments dies after said payments begin but before the 120 monthly guaranteed payments have been made, the remaining payments will be paid to the estate of such Beneficiary.

(b) Joint and Survivor Annuity Option: A monthly income payable for the life of the Participant with payments continuing after the Participant's death to the Participant's Beneficiary in an amount equal to 25%, 50%, 75% or 100 % (according to the election of the Participant) of the monthly income that was being paid to the Participant. The survivor portion of the benefit is payable to the Participant's Beneficiary beginning as of the first day of the month immediately following the Participant's date of death and ending on the last day of the month coincident with or immediately prior to the Beneficiary's date of death. If the designated Beneficiary dies before the Participant, no survivor benefits shall be payable.

(c) Lump Sum Option: The Participant will receive a single lump sum payment of his Accrued Benefit (subject to reduction as provided in Section 3.9) on the date elected by the Participant in accordance with procedures established by the Administrator in an amount equal to the Actuarial Equivalent (as defined in Section 1.1(c)(ii)) present value of the normal form of payment described in Section 3.7 above. The Administrator may impose such conditions on the election of a lump sum payment as it deems necessary or desirable.

3.9 Reduction For Certegy Special Supplemental Program: The annual benefit payable to the Participant under the Plan shall be reduced as hereinafter provided by the amount of the Participant's Participant Interest, if any, under the Certegy Special Supplemental Program. If the Participant terminates employment on or after the date he qualifies for Early Retirement or Normal Retirement, the reduction shall be an amount equal to the Participant's Participant Interest on the date he terminates employment converted into a single life annuity payable immediately in accordance with the actuarial factors set forth in Section 1.1(b)(i). If a Participant terminates employment prior to qualifying for Early Retirement and is entitled to a Vested Participant Benefit or a Disability Retirement Benefit, the reduction shall be an amount equal to the Participant's Participant Interest on the date he terminates employment projected forward at seven percent (7%) interest per annum to the date ("Payment Date") the Participant commences to receive payments under this Plan and converted into a single life annuity commencing immediately on the Payment Date in accordance with the actuarial factors set forth in Section 1.1(b)(i).

If the Participant's Accrued Benefit is payable as a lump sum, the lump sum amount of the Participant's Participant Interest shall be subtracted on the date of payment from the present value of the Accrued Benefit determined pursuant to Section 3.8(c). In the event of the death of a Participant while employed by the Company, the Participant will not receive any Participant Interest and any amounts payable pursuant to Article IV will not be subject to reduction under this Section 3.9.

ARTICLE IV
PRE-RETIREMENT DEATH BENEFITS

The pre-retirement death benefits payable following the death of a Participant shall only be payable to an Eligible Spouse and, except as provided below, shall only be payable with respect to an eligible Participant who is an employee at the time of his death. Except as otherwise provided herein, if an Executive (i) has no Eligible Spouse, (ii) has ceased to be an eligible Participant or (iii) has terminated employment prior to his death, no death benefit is payable pursuant to this Article IV. The Administrator, in its sole discretion, may provide for earlier payment or a different form of payment for any pre-retirement death benefits payable pursuant to this Article IV, provided that any such payment shall be in an amount comparable to the Actuarial Equivalent of the benefit otherwise payable to the Eligible Spouse.

(a) Death Prior to Eligibility for Retirement or a Vested Participant Benefit: No death benefit is provided under this Plan for Participants who die prior to completing the eligibility requirements for Retirement or a Vested Participant benefit.

(b) Death After Attaining Eligibility for Vested Participant Benefit: If an eligible Participant dies while employed by the Company after completing the requirements for a Vested Participant benefit, the Participant's Eligible Spouse shall be paid the amount which would have been payable to the Participant had the Participant terminated employment immediately prior to the date of his death and survived to his Normal Retirement Date, and had his Accrued Benefit been payable as a joint and 50% survivor annuity (with the Eligible Spouse as the designated survivor), with such survivor annuity payments commencing on the first day of the calendar month coinciding with or next following the date which would have been the deceased Participant's Normal Retirement Date. The Participant's Eligible Spouse shall receive the monthly 50% survivor annuity and the payments shall cease on the Eligible Spouse's death. If the Participant terminates employment after satisfying the requirements for a Vested Participant benefit but dies prior to the date his benefit commences, he shall be covered by the death benefit provisions of this subsection (b).

(c) Death After Attaining Eligibility for Early or Normal Retirement: If a Participant dies while employed by the Company after completing the eligibility requirements for Early Retirement or Normal Retirement, the Participant's Eligible Spouse shall be paid the amount (subject to the reduction for Early Retirement) which would have been payable to the Participant under this Plan had the Participant retired immediately prior to the date of his death, and had his Accrued Benefit payable as a joint and 50% survivor annuity (with the Eligible Spouse as the designated survivor), with such payments commencing on the first day of the month following the date of death of the Participant. The Participant's Eligible Spouse shall receive the monthly 50% survivor annuity payments and the payments shall cease on the Eligible Spouse's death. If the Participant terminates employment after satisfying the requirements for Early Retirement but delays commencement of his benefits, he shall be covered by the death benefit provisions of this subsection (c) until his benefit payments commence.

ARTICLE V
ADMINISTRATION

5.1 General Duties: The Administrator shall enforce and administer the Plan, and shall have all powers necessary to accomplish those purposes, including, but not by way of limitation, the following:

- (a) to construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder and to notify the Participant and the Company, where appropriate;
- (b) to adopt rules as it deems necessary, desirable or appropriate;
- (c) to prescribe procedures to be followed by Participants or Beneficiaries filing applications for benefits;
- (d) to prepare and distribute, in such manner as the Administrator determines to be appropriate, information explaining the Plan;
- (e) to receive from the Company and from Participants such information as shall be necessary for the Administrator to perform its duties hereunder;
- (f) to furnish the Company, upon request, such annual reports as are reasonable and appropriate with respect to the Administrator's duties hereunder;
- (g) to receive, review and keep on file (as it deems convenient or proper) reports of the receipts and disbursements of the Plan;
- (h) to appoint or employ individuals to assist in the administration of its duties under the Plan and any other agents as it deems advisable, including legal or actuarial counsel.

The Administrator shall have no power to add to, subtract from, or modify any of the terms of the Plan, or to change or add to any benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility for any benefits under the Plan. The Administrator shall have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits, and its decisions on such matters are final and conclusive.

5.2 Application and Forms For Benefit: The Administrator may require a Participant to complete and file with the Administrator an application for benefits and all other forms approved by the Administrator, and to furnish all pertinent information requested by the Administrator. The Administrator may rely upon all such information so furnished it, including the Participant's current mailing address.

5.3 Facility of Payment: Whenever, in the Administrator's opinion, a person entitled to receive any payment of a benefit or installment thereof hereunder is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Administrator may direct the Company to make payments to such person or to his legal representative or to a relative or friend of such person for his benefit, or the Administrator may direct the Company to apply the payment for the benefit of such person in such manner as the Administrator considers advisable. Any payment of a benefit or installment thereof in accordance with the provisions of this Section shall be a complete discharge of the Administrator of any liability for the selection of such payee or the making of such payment under the provisions of the Plan.

5.4 Company to Furnish Information: To enable the Administrator to perform its functions, the Company shall supply full and timely information to the Administrator of all matters relating to the pay of all Participants, their Retirement, death or other cause for termination of employment, and such other pertinent facts as the Administrator may require. When making any determination, the Administrator shall be entitled to rely upon information furnished by the Company, legal counsel for the Company, or the actuary.

5.5 Administrator to Furnish Other Information: To the extent not otherwise provided in the Plan, the Administrator shall be responsible for providing all notices and information required under ERISA to all Participants.

5.6 Claims Procedure: A Participant who believes that he is entitled to benefits under the Plan which have not been paid must file a written claim for such benefits. All claims for benefits shall be in writing and shall be filed with the Administrator. If the Administrator wholly or partially denies a Participant's claim for benefits, the Administrator shall give the claimant written notice within sixty (60) days after the Plan's receipt of the claim setting forth:

- (a) the specific reason(s) for the denial;
- (b) specific reference to pertinent Plan provisions on which the denial is based;
- (c) a description of any additional material or information which must be submitted to perfect the claim, and an explanation of why such material or information is necessary; and
- (d) an explanation of the Plan's claim review procedure.

Each Participant whose claim for benefits has been denied may file a written request for a review of his claim by the Administrator. The request for review must be filed by the Participant within 60 days after he received the written notice denying his claim. The decision of the Administrator will be made within 60 days after receipt of a request for review and shall be communicated in writing to the Participant. Such written notice shall set forth the basis for the Administrator's decision. If there are special circumstances which require an extension of time for completing the review, the Administrator's decision shall be rendered not later than 120 days after receipt of a request for review.

ARTICLE VI
PLAN FINANCING

The benefits provided by this Plan shall be unfunded. All amounts payable under this Plan to a Participant shall be paid from the general assets of the Company, and nothing contained in this Plan shall require the Company to set aside or hold in trust any amounts or assets for the purpose of paying benefits to Participants. This Plan shall create only a contractual obligation on the part of the Company and Participants shall have the status of general unsecured creditors of the Company under the Plan with respect to any obligation of the Company to pay benefits pursuant hereto. Any funds of the Company available to pay benefits pursuant to the Plan shall be subject to the claims of general creditors of the Company, and may be used for any purpose by the Company.

Notwithstanding the preceding paragraph, the Company may at any time transfer assets to a trust, or purchase insurance or annuity contracts, for purposes of paying all or any part of its obligations under this Plan (including, any benefits becoming payable upon a Change in Control of the Company, as defined in the Severance Protection Agreement). However, to the extent provided in the trust only, such transferred amounts shall remain subject to the claims of general creditors of the Company. To the extent that assets are held in a trust when a Participant's benefits under the Plan become payable, the Administrator shall direct the trustee to pay such benefits to the Participant from the assets of the trust.

ARTICLE VII

AMENDMENT; TERMINATION; CHANGE IN CONTROL

7.1 Amendment: The Company reserves the right to make from time to time any amendment or amendments to this Plan, provided, however, that no such amendment shall have the effect of reducing the Accrued Benefit of any Participant as of the date of such amendment, or eliminate or adversely affect the rights as of the date of such amendment of any Participants including, without limitation, the right to earn a vested benefit or the timing or form of payment of benefits under Article III.

7.2 Right to Terminate: The Company may terminate the Plan at any time by resolution of the Board. In the event of the termination of the Plan, the rights of all affected Participants to their Accrued Benefits as of the date of such termination shall be fully vested and nonforfeitable. No such termination of the Plan shall have the effect of reducing the Accrued Benefit of any Participant as of the date of such termination, or eliminating or adversely affecting the rights of Participants including, without limitation, the timing or form of benefit payments under Article III.

7.3 Change in Control: In the event of a termination of employment of a Participant following a Change in Control of the Company (as defined in the Severance Protection Agreement) in circumstances that would entitle the Participant to receive compensation and benefits under the Severance Protection Agreement, the Participant's Accrued Benefit shall immediately become fully vested and nonforfeitable. The Actuarial Equivalent (determined pursuant to Section 3.8(c)) of the Participant's Accrued Benefit (subject to reduction as provided in Section 3.9) shall automatically be payable to the Participant in a lump sum on the fifth (5th) business day following the Participant's Termination Date. With respect to any Participant who has Retired or terminated employment prior to the date of the Change in Control of the Company who is receiving benefit payments under the Plan, or who is entitled to commence receiving such benefit payments in the future, the Actuarial Equivalent (determined pursuant to Section 3.8(c)) of such Participant's Accrued Benefit, subject to reduction as provided in Section 3.9 (or the remaining unpaid benefits), shall be paid to such Participant in a lump sum on the thirtieth (30th) day after the date of the Change in Control of the Company, unless the Participant irrevocably elects prior to such date (in a manner provided by the Administrator) to continue receiving his payments in the manner then being paid or to receive his benefits in the future in the normal form under Section 3.7.

ARTICLE VIII
MISCELLANEOUS

8.1 Nonguarantee of Employment: Nothing contained in this Plan shall be construed as a contract of employment between the Company and any Participant, or as a right of any Participant to be continued in the employment of the Company, or as a limitation of the right of the Company or an Adopting Employer to discharge any Participant or Executive, with or without cause.

8.2 Rights Under Plan: No Participant shall have any right to or interest in, the Plan upon termination of his employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Participant.

8.3 Nonalienation of Benefits: Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of the Participant, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall be void. The Plan shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

8.4 Headings for Convenience Only: The headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in construction of the provisions hereof.

8.5 Multiple Copies: This Plan may be executed in any number of counterparts, each of which shall be deemed an original, and the counterparts shall constitute one and the same with respect to a matter under the Plan, which shall be sufficiently evidenced by any one thereof.

8.6 Governing Law: This Plan shall be construed and enforced in accordance with the provisions of ERISA. In the event ERISA is not applicable or does not preempt state law, the laws of the State of Georgia shall govern.

8.7 Taxes: If the whole or any part of any Participant's Accrued Benefit shall become liable for the payment of any estate, inheritance, income, or other tax which the Company shall be required to pay or withhold, the Company shall have the full power and authority to withhold and pay such tax out of any moneys it owes to the Participant. The Company shall provide notice to the Participant of any 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.

8.8 Successor Company: In the event of the merger, consolidation or reorganization of the Company, provision may be made by which the Plan will be continued by the successor; and, in that event, such successor shall be substituted for the Company under the Plan. The substitution of the successor shall constitute an assumption of Plan liabilities by the successor and the successor shall have all of the powers, duties and responsibilities of the Company under the Plan.

IN WITNESS WHEREOF, the Plan has been executed by the Company to be effective on the Effective Date.

CERTEGY INC.

By: /s/ Richard D. Gapen

APPENDIX
A ELIGIBLE PARTICIPANTS

Name of Participant

Date of Eligibility

CERTEGY INC.
EXECUTIVE LIFE AND SUPPLEMENTAL
RETIREMENT BENEFIT PLAN
SPLIT DOLLAR LIFE INSURANCE AGREEMENT
(Endorsement Non-Equity Method)

THIS SPLIT DOLLAR LIFE INSURANCE AGREEMENT (the "Agreement") is entered into by and among Certegy Inc. (the "Company"); and _____, an employee of the Company (the "Participant"), effective as of November 7, 2003 (the "Agreement Date").

WITNESSETH:

WHEREAS, the Participant is a participant in the Plan pursuant to Article II thereof;

WHEREAS, the Company intends to maintain the Policy in order to provide current life insurance protection to the Participant as an additional form of compensation to the Participant.

NOW, THEREFORE, in consideration of these factors and the mutual covenants contained in this Agreement, the parties hereto 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:

"Agreement Date" means the 2003 Restatement Effective Date of the Plan or, if later, the date as of which the Participant becomes an Executive Officer.

"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.

"Existing Policy" means any Policy in existence as of the date this Agreement is executed or otherwise effective and of which the Company is the owner or shall automatically become owner pursuant to Section 2.2 of the Plan.

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

“Net Cash Value” means the cash surrender value of the Policy reduced, as appropriate, by any indebtedness obtained by the Company and secured by the Policy, which indebtedness remains outstanding as of the date of such determination.

“Net Company Premiums” means the Company Premiums reduced by any indebtedness obtained by the Company and secured by the Policy, which indebtedness remains outstanding as of the date of such determination.

“Participant Death Benefit” means a portion of the Policy Death Benefit determined in accordance with Article II.

“Plan” means the Certegy Inc. Executive Life and Supplemental Retirement Benefit Plan, as amended and restated effective as of the 2003 Restatement Effective Date.

“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 Company, together with any and all supplements, endorsements and amendments thereto, and shall include any Existing Policy.

“Policy Death Benefit” means at any point in time the total proceeds of the Policy payable when it becomes a claim at death.

“Policy Endorsement” means the form provided by the Insurer pursuant to which the Company endorses to the Participant (or a Trustee in Interest) the right to name a beneficiary for the Policy Death Benefit.

“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 Event” has the meaning given to it in Section 7.02.

“Termination Amount” has the meaning given to it in Section 3.03.

“Termination Date” has the meaning given to it in Section 7.01.

“Vesting” means a Participant becoming vested upon completing three (3) years of service with the Company (or Equifax, Inc., for periods prior to the Company’s spinoff), measured from the earlier of (i) the Participant’s Commencement Date, or (ii) in the case of a Participant who transferred to the Company in connection with its spinoff from Equifax, Inc., the date the Participant commenced participation in the Equifax Inc. Executive Life and Supplemental Retirement Benefit Plan (U.S.).

Article II – Obtaining Policies

The Company shall become the owner of any Existing Policy not later than the Agreement Date. If there is no Existing Policy, the Company has applied to the Insurer for the Policy, and the Participant and any Trustee in Interest, with the assistance of the Company, will take all reasonable and necessary steps to cause the Policy to be issued. The Policy shall provide a death benefit at least equal to an 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," but such Participant Death Benefit shall not exceed the total Policy Death Benefit reduced by the greater of (i) the amount of any Net Cash Value under the Policy, or (ii) the Net Company Premiums at the time the Policy Death Benefit will be paid. The Existing Policy and/or any other 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. Effective not later than the Agreement Date, the Policy shall be owned by and legal title shall be held by the Company. Unless otherwise provided by this Agreement, the Participant or his assignee shall have no legal, equitable or beneficial right, title or interest in and to the Policy or Policy Proceeds.

3.02 Policy Endorsement. The Company shall execute together with this Agreement a Policy Endorsement documenting the rights of the Participant (or a Trustee in Interest) to name the beneficiary or beneficiaries for the Participant's Death Benefit.

3.03 Termination Amount. The amount that shall be recovered by the Company from the Policy in accordance with Article VII, upon the occurrence of either (i) a Rollout Event, or (ii) the termination of this Agreement other than because of the Participant's death, shall be equal to the Net Cash Value. The amount that shall be recovered by the Company from the Policy in accordance with Article VII when this Agreement terminates because of the Participant's death shall be equal to the excess of the Policy Death Benefit over the Participant Death Benefit. The applicable amount that is determined under this Section 3.03 shall be the Termination Amount.

Article IV – Payment of Premiums

From and after the Agreement 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 prior to Vesting 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 a Rollout Event;
- (d) Prior to both a Change in Control and a Participant's Vesting, the date the Company, in its sole discretion, voluntarily elects to terminate this Agreement; or
- (e) Prior to both a Change in Control and a Participant's Vesting, the termination of the Plan.

Article V – Company Rights

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

- (a) The Company shall have the right, without the consent of the Participant or any Trustee in Interest (or any party with rights that are derived from either of them) to assign or otherwise transfer any or all of its right, title and interest in and to this Agreement, 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, provided that such action may not cause the Policy to lapse or adversely affect the rights of the Participant or Trustee in Interest with respect to the Participant Death Benefit;
- (b) The Company shall have the right to repayment of the Termination Amount in accordance with Article VII;
- (c) The Company shall have the right to borrow or withdraw from the cash surrender value of the Policy according to the Policy provisions, but no borrowing or withdrawals shall occur while this Agreement continues prior to when the Company needs to borrow or withdraw to begin payment of benefits to the Participant under the Certegy Inc. Special Supplemental Executive Retirement Plan;
- (d) The Company shall have the right to exercise all investment direction rights under the Policy.

Article VI – Participant Rights

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

- (a) Notwithstanding any provision hereof to the contrary, the Participant shall have the right to absolutely and irrevocably assign by gift all of his rights and interest in this Agreement and the Policy and to Policy Proceeds to a Trustee in Interest. This right shall be exercisable by the execution and delivery to the Company of a written agreement, in substantially the form attached hereto as Exhibit B, which by this reference is made a part hereof.

Upon receipt of such written assignment executed by the Participant and duly accepted by the assignee thereof, the Company shall consent thereto in writing, and shall thereafter treat the Participant's assignee as the sole owner of all of the Participant's rights and interest in and to this Agreement and in and to the Policy. Thereafter, the Participant shall have no rights or interest in and to this Agreement or the Policy, all such rights and interest being vested in and exercisable only by the Trustee in Interest.

(b) The Trustee in Interest shall have the right to transfer to another person or entity (other than the Participant) all or a portion of the right and interest of the Trustee in Interest in and to the Policy or Policy Proceeds, subject in all cases to (i) the Plan, (ii) this Agreement, (iii) prior written notice to the Company, and (iv) the Company's not providing a written notice of objection to the Trustee in Interest within 60 days after its receipt of written notice. Thereafter, to the extent necessary to give effect to such transfer, the transferee shall be deemed a Trustee in Interest for purposes of this Agreement.

(c) The Participant or a Trustee in Interest, as applicable, shall have the right to designate and change the beneficiary (or beneficiaries) of the Policy;

Article VII – Termination Date and Rollout Event

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

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

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

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

(d) Prior to both a Change in Control and the Participant's Vesting, the termination of the Plan;

(e) Prior to both a Change in Control and the Participant's Vesting, the date the Company, in its sole discretion, voluntarily elects to terminate this Agreement; or

(f) The death of the Participant.

Immediately as of a Termination Date (other than the death of the Participant), neither the Participant, a Trustee in Interest nor anyone else claiming through one of them shall have any rights in or to the Policy or Policy Proceeds.

7.02 Rollout Event. The Plan Administrator, in its discretion, may declare a Rollout Event to occur with respect to the Participant on the latest of (i) the fifteenth anniversary of the Participant's commencement of coverage under the Policy, (ii) Participant's attainment of age sixty (60), or (iii) the Participant's Retirement or becoming Permanently Disabled. The Plan Administrator, in its discretion, may also declare a Rollout Event to occur with respect to the Participant on or as of a date following the Participant's engaging in a Competitive Activity within the one-year period following his or her Retirement or becoming Permanently Disabled. If a Rollout Event is declared, the Plan Administrator shall recover the Termination Amount in accordance with Section 7.04 and then take such steps as are appropriate to transfer ownership of the Policy to the Participant or a Trustee in Interest, as determined by the Plan Administrator.

7.03 Repayment of Termination Amount Upon Death of Participant. Upon termination of this Agreement pursuant to Section 7.01(f) (*i.e.*, the death of the Participant), the Participant and any Trustee in Interest agree that the Insurer will pay to the Company from the Policy Proceeds an amount equal to the Termination 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.

7.04 Repayment of Termination 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) or 7.01(e), or upon a Rollout Event, the Company shall obtain receipt of the Termination Amount using one of the methods in the Company's discretion as follows:

- (a) By directing the Insurer to withdraw and pay the Termination Amount to the Company from the Policy Proceeds;
- (b) By taking a loan on the Policy equal to the Termination Amount and having such loan proceeds paid to the Company; or
- (c) By receipt of payment from the Participant or a Trustee in Interest in an amount equal to the Termination Amount.

If a repayment of the Termination Amount is to occur other than in connection with a Rollout Event, the Company may delay taking such repayment for such period after the termination of this Agreement as it deems appropriate. In this event, however, the rights of the Participant or a Trustee in Interest in the Policy or to the Policy Proceeds shall not be continued, but shall end as provided in Section 7.01.

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 and 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 or a Trustee in Interest must be agreed to in writing by the Participant or the Trustee in Interest, and (b) the Company’s power to amend this Agreement shall be subject to the restrictions on the Company’s power to amend the Certegy Inc. Special Supplemental Executive Retirement 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).

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

CERTEGY INC.

By:

Name:
Title:

Participant

Trustee in Interest (if applicable)

SPLIT DOLLAR LIFE INSURANCE AGREEMENT

EXHIBIT A

LIFE INSURANCE BENEFIT

Insurer: _____

Policy Number: _____

Effective Date of Policy: _____

Participant Death Benefit: \$ _____

SPLIT DOLLAR LIFE INSURANCE AGREEMENT

EXHIBIT B

IRREVOCABLE ASSIGNMENT OF SPLIT-DOLLAR AGREEMENT

THIS ASSIGNMENT, dated this ___ day of _____, 2003,

WITNESSETH:

WHEREAS, the undersigned (the "Assignor") is the Participant party to that certain Split Dollar Life Insurance Agreement (the "Agreement"), dated as of _____, 2003, by and between the undersigned and Certegy Inc. (the "Company"), which Agreement confers upon the undersigned certain rights and benefits with regard to one or more policies of insurance insuring the Assignor's life; and

WHEREAS, pursuant to the provisions of said Agreement, the Assignor retained the right, exercisable by the execution and delivery to the Corporation of a written form of assignment, to absolutely and irrevocably assign all of the Assignor's right, title and interest in and to said Agreement to an assignee; and

WHEREAS, the Assignor desires to exercise such right;

NOW, THEREFORE, the Assignor, without consideration, and intending to make a gift, hereby absolutely and irrevocably assigns, gives, grants and transfers to _____ (the "Assignee") all of the Assignor's right, title and interest in and to the Agreement and said policies of insurance, intending that, from and after this date, the Agreement be solely between the Company and the Assignee and that hereafter the Assignor shall neither have nor retain any right, title or interest therein.

Assignor

ACCEPTANCE OF ASSIGNMENT

The undersigned Assignee hereby accepts the above assignment of all right, title and interest of the Assignor in and to the Agreement, by and between such Assignor and the Company, and the undersigned hereby agrees to be bound by all of the terms and conditions of said Agreement, as if the Participant party thereto.

Assignee

Date

CONSENT TO ASSIGNMENT

The undersigned Company hereby consents to the foregoing assignment of all of the right, title and interest of the Assignor in and to the Agreement, by and between the Assignor and the Company, to the Assignee designated therein. The undersigned Company hereby agrees that, from and after the date hereof, the undersigned Company shall look solely to such Assignee for the performance of all obligations under said Agreement which were heretofore the responsibility of the Assignor, shall allow all rights and benefits provided therein to the Assignor to be exercised only by said Assignee, and shall hereafter treat said Assignee in all respects as if the original Participant party thereto.

CERTEGY INC.

By:

Its: _____

Date

Exhibit 10.42 to

Form 10-K

Certegy Inc.

CONFIDENTIAL TREATMENT REQUESTED.

CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION, AND THE SPECIFIC PORTIONS THAT THE REGISTRANT DESIRES TO BE KEPT CONFIDENTIAL HAVE BEEN MARKED WITH *** AT THE REDACTED PORTION AND FOOTNOTED "CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION" THE REGISTRANT HAS ALSO MARKED THE EXHIBIT INDEX TO THE FORM 10-K TO INDICATE CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN PORTIONS OF THE EXHIBITS.

MASTER AGREEMENT
FOR
OPERATIONS SUPPORT SERVICES

This Master Agreement is entered into as of June 29, 2001 (the "Effective Date") between

1. International Business Machines Corporation, a New York corporation ("IBM").

AND

2. Certegy Inc., a Georgia corporation ("Certegy").

The Parties agree to the terms and conditions set forth in this Master Agreement (including the forms of Exhibits and Schedules referenced in this Master Agreement), and in each Transaction Document (including the Supplement and Schedules referenced in each Transaction Document) executed by the Parties referencing this Master Agreement. Each Transaction Document is incorporated into this Master Agreement, and the several Transaction Documents and this Master Agreement are herein collectively referred to as the "Agreement".

Signed for and on behalf of IBM:

INTERNATIONAL BUSINESS MACHINES CORPORATION

Signature: _____

Title: _____

Signed for and on behalf of Certegy:

CERTEGY INC.

Signature: _____

Title: _____

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*** CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

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ATTACHMENTS

Form of Transaction Document

Form of Supplement

<u>Schedule</u>	<u>Title</u>
<p style="text-align: center;">A</p> <p>(Configured for each Tower and TD)</p>	<p>“Applications Software”</p> <ul style="list-style-type: none"> – “Applications Software Certegy” – “Applications Software IBM”
<p style="text-align: center;">B</p> <p>(Configured for each Tower and TD)</p>	<p>“Systems Software”</p> <ul style="list-style-type: none"> – “Systems Software Certegy” – “Systems Software IBM”
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<p style="text-align: center;">I</p> <p>(Network Tower Only)</p>	<p>“Network Locations”</p>
<p style="text-align: center;">J</p> <p>(Standard Form for All Towers)</p>	<p>“Charging Methodologies”</p>
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<p style="text-align: center;">N</p> <p>(Configured for each Tower and TD)</p>	<p>“Projects”</p>
<p style="text-align: center;">O</p> <p>(Standard Form for All Towers)</p>	<p>“Affected Employees”</p>

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R (Standard Form for All Towers)	“Services Transition Assistance”
S (Configured for each Tower and TD)	“Service Levels and Service Credits”
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V (Standard for all Towers)	“Key Employees”

1. PURPOSE/STRUCTURE/TERM OF AGREEMENT

1.1. Purpose of Agreement

- a) IBM is a provider of a broad range of operations support services for on-line information services companies including, without limitation, information technology, information management, communications and related services, and is experienced and skilled in the administration, management, provision and performance of such services and the business functions, responsibilities and tasks attendant with such services. IBM desires (i) to provide certain of these operations support services to the Certegy Group for the Certegy Business, and to perform and assume the functions, responsibilities and tasks attendant with such operations support services; and (ii) to provide additional quantities and elements of these and other operations support services to the Certegy Group for the Certegy Business and to perform and assume the functions, responsibilities and tasks attendant with such operations support services as envisioned to be required for the Certegy Business and the Certegy Group, all as specifically set forth in this Agreement. Certegy desires that such operations support services for the Certegy Business and the Certegy Group and the attendant functions, responsibilities and tasks, be performed and assumed by IBM. The Agreement documents the terms and conditions under which (i) the Certegy Group will obtain such operations support services from IBM and (ii) IBM will administer, manage, support, provide and perform such services and the functions, responsibilities and tasks attendant with such services, for the Certegy Group.
- b) The Parties have identified goals and objectives that they intend that IBM's performance pursuant to the Agreement will assist the Parties to achieve. These goals and objectives include the following: (i) engaging IBM (A) under a master agreement to provide, and/or cause to be provided through its Affiliates and/or other subcontractors, certain operations support services to Certegy and certain of its Affiliates on a worldwide basis as the Certegy Business evolves over the Term, (B) to efficiently and timely provide such operations support services to, and perform and assume the functions, responsibilities and tasks attendant with such support services for, the Certegy Business and the Certegy Group at levels appropriate to fulfill the requirements of the Certegy Business and the Certegy Group; and (C) to proactively define and propose cost effective solutions to improve the efficiency and functionality of the information management systems operations of the Certegy Group in support of the Certegy Business; (ii) securing favorable rates for current and additional resource consumption and for reductions in resource consumption and increasing flexibility regarding resources chargeable and available to the Certegy Group and committed by IBM to the Certegy Group; (iii) taking advantage of new and/or proven business processes and technologies to improve performance, efficiency and cost to performance ratios experienced by the Certegy Group and to enable the Certegy Group to respond to market requirements for the Certegy Business; (iv) enhancing the current functionality of the Certegy Group's processes, systems and service levels covered under this Agreement; (v) minimizing any potential operating and financial risks to the Certegy Group, (vi) ensuring the efficiency, stability and security of existing and future processes, systems and service levels, (vii) evolving the support services, processes, systems and service levels to meet the dynamic requirements of the Certegy Group and the Certegy Business; and (viii) providing an opportunity to transition the Services back to the Certegy Group or to another service provider from IBM with minimal disruption.
- c) IBM recognizes that the Certegy Group expects to be treated as a valued and commercially favored customer and agrees that the definition of customer satisfaction goes beyond IBM's performance against established service levels and requires that IBM exhibit a customer service attitude focused on assisting Certegy where commercially reasonable to attain the goals and objectives described in Section 1.1(b), including, without limitation, reducing the operations support costs of and improving service levels to the Certegy Group and the customers of the Certegy Group.
- d) The provisions of this Section 1.1 are intended to be a statement of the purpose of the Agreement and are not intended to alter the plain meaning of the terms and conditions of the Agreement or to require either Party to undertake performance obligations beyond those set forth in the Agreement. To the extent that the terms and conditions of the Agreement are unclear or ambiguous, such terms and conditions are to be interpreted and construed consistent with the purposes set forth in this Section 1.1.

1.2. Structure of Agreement

- a) The Services will be grouped around the following technology platforms and clusters of services: Mainframe, Midrange, MicroLAN and Network. Each such technology platform/cluster of services is herein referred to generically as a "Tower".
- b) The Agreement is comprised of (i) the provisions set forth in this Master Agreement and the forms of the Exhibits and Schedules referenced herein as illustrated in Exhibit 1; and (ii) each Transaction Document including the Supplement and Schedules referenced in each Transaction Document and as illustrated in Exhibit 2.
- c) The Services under each Transaction Document may be defined on a Tower basis across sites and/or on a Tower basis and all Towers located at one (1) site, and/or on a Tower basis migrated to multiple sites or to one (1) site, will be the subject of a single Transaction Document. Each Transaction Document will be in the form of Exhibit 3 adjusted to comport with the applicable Services arrangement. Each Transaction Document will be comprised of a Supplement in the form of Exhibit 4 and Schedules in the form of Exhibit 5, all configured as described in Exhibit 2 and adjusted to comport with the applicable Services arrangement.
- d) Transaction Documents will be executed by the Parties. The terms of Transaction Documents will be governed by the terms of the Master Agreement unless the Parties specifically note the deviations from the terms of the Master Agreement for the purposes of such Transaction Document in the Section of the Transaction Document entitled "Deviations From Terms of Master Agreement".
- e) Each Transaction Document will be submitted to and approved by the Integrated Planning Team prior to execution by the Parties. The approval will be evidenced by a representative of each of the Parties who is also a member of the Integrated Planning Team, noting and attesting to the approval of the Integrated Planning Team on a cover sheet to such Transaction Document.
- f) IBM and Certegy will be the primary contracting parties under the Agreement and under each Transaction Document. Each of the Parties may assign a Transaction Document to one of its Affiliates for performance, but such assignment shall not relieve or release such Party from the full, timely and proper performance of its duties and obligations under such Transaction Document. Moreover, as a condition precedent to such assignment, the Affiliate shall accept such assignment and agree to assume the full, timely and proper performance of the duties and obligations of the Party assigning such Transaction Document to such Affiliate in a written document in form and content reasonably satisfactory to the other Party.

1.3. Term of Agreement

The term of the Agreement will begin as of the Effective Date and will terminate upon the later to occur of (a) the expiration of the Transaction Document with the longest term extending past December 31, 2007, or (b) upon a termination date that is effective not sooner than six (6) months after December 31, 2007 set forth in a notice by either Party to the other Party (the "Term") unless earlier terminated in accordance with the provisions of the Agreement.

1.4. Extension of Services

Certegy may request and IBM will once extend the provision of the Services pursuant to any Transaction Document or the Services Transfer Assistance pursuant to any Transaction Document for up to one (1) year ("Extension Period") upon not less than sixty (60) days prior written notice before the scheduled termination or expiration of the provision of such Services or Services Transfer Assistance, or if applicable, notice given within thirty (30) days after the effective date of a notice of termination for any reason by either Party, other than Termination for Convenience. However, in the event Certegy is in default with respect to the payment of any amounts under a Transaction Document at the start of the Extension Period, IBM will extend the provision of such Services or Services Transfer Assistance as described in this Section 1.4, only if Certegy cures such default and prepays three (3) months of the

Monthly Charges allocable to such Transaction Document during such Extension Period and a reasonable projection of other charges due under such Transaction Document for such three (3) calendar months period. Certegy will be credited any unused portions of such prepayment for the remaining part of such Extension Period covered by such unused portion of such prepayment.

2. DEFINITIONS

In the Agreement (including each Transaction Document and the Supplement and Schedules thereto), the following terms will have the following meanings:

Action	has the meaning given in <u>Section 17.8</u> .
AD/M	means both Applications Development and Applications Maintenance.
AD/M Projects	means the Applications Development and Applications Maintenance performed during the Term and the production cutover date for the corresponding scheduled Projects and/or each New Service added during the Term requiring the performance of Applications Development and Applications Maintenance by IBM.
Affected Employees	has the meaning given in <u>Section 5.2</u> .
Affiliates	means, with respect to a Party, any entity at any time Controlling, Controlled by or under common Control with such Party.
Agreement	means this Master Agreement for Operations Support Services Agreement and the forms of Exhibits and Schedules referenced herein and each Transaction Document referencing the Master Agreement for Operations Support Services and the Supplement and Schedules referenced therein.
Annual Service Charge or ASC	has the meaning given in the Supplement and Schedules to each Transaction Document for such Transaction Document.
Applications Development	means the programming of any new applications software, and changes or enhancements to existing Applications Software. Programming effort shall include the pre and post development analysis, planning, design, coding, testing, installation, provision of a single set of program and training documentation per Applications Software program and training necessary to complete the task.
Applications Development Methodology	means the pre and post development analysis, planning, design, coding, testing, installation, provision of a single set of program and training documentation per Applications Software program and training necessary to complete the task.
Applications Maintenance	means defect identification and provision of fixes, and installation of those fixes and updates for the Applications Software provided by the Applications Software vendors as part of normal maintenance service for the Applications Software for which there is no charge by such vendors in addition to periodic maintenance charges, if any, and defect identification, provision of fixes and installation of those fixes and updates for Applications Software for which there is no generally commercially available maintenance support.
Applications Software	means those programs and programming, including all supporting documentation and media, that perform specific user related data processing, data management and telecommunications tasks, including updates, enhancements, modifications, releases and Derivative Works thereof. Applications Software as of the

	Commencement Date is listed in <u>Schedule A</u> to each Transaction Document for such Transaction Document, which Schedule shall be updated pursuant to <u>Section 8.1</u> during the Term to reflect the then-current Applications Software.
Applications Software—Certegy	means the Applications Software listed on <u>Schedule A</u> to each Transaction Document for such Transaction Document under such heading, provided or to be provided by Certegy.
Applications Software—IBM	means the Applications Software listed on <u>Schedule A</u> to each Transaction Document for such Transaction Document under such heading, provided or to be provided by IBM.
Authorized User	means a person or entity authorized to use the Services, including without limitation the System, by Certegy.
Baseline(s)	has the meaning given in <u>Schedule J</u> to each Transaction Document for such Transaction Document.
Business and Operations Support Plan	has the meaning given in <u>Section 6.2(b)</u> .
Cable or Cabling	means the wires or cables that interconnect Machines and/or connect a Machine to a facility connection.
Certegy Business	means the businesses engaged in by the Certegy Group.
Certegy Code	means Code Developed by IBM and/or its subcontractors independently or jointly with the Certegy Group and/or their contractors, as part of the Services. Certegy Code shall not include any IBM Derivative Code.
Certegy Direct Damages Cap	has the meaning given in <u>Section 13.1(b)</u> .
Certegy Derivative Code	means Developed Code, which constitutes Derivative Work of software for which the copyright is owned by the Certegy Group and/or their contractors.
Certegy Group	means individually and collectively Certegy and its existing and future Affiliates that are using and/or receiving any portion of the Services.
Certegy, IBM Integrated Planning Team	has the meaning given in <u>Section 6.1</u> .
Certegy In-Scope Operations	means all functions, responsibilities, tasks and activities that are described in the Agreement and each Transaction Document (including the Supplement and Schedules thereto) that are to be performed by IBM under the Agreement, including, without limitation, those performed for the Certegy Group by the Affected Employees that are directly related to information technology services under each Transaction Document before they entered the employ of IBM and/or its Affiliates and subcontractors and those performed by IBM and/or its Affiliates for Certegy and/or its Affiliates immediately prior to the Commencement Date under any Transaction Document or agreement with IBM comprised of or directly related to the information technology services under such Transaction Document and otherwise within the scope of the prior Transaction Document or agreement between Certegy and IBM pursuant to which such services were performed unless specifically deleted or otherwise described (versus not described) in the new

Transaction Document.	
Certegy LAN Software	has the meaning given in <u>Schedule A</u> to each Transaction Document for such Transaction Document.
Certegy Provided Hardware	means the computer equipment peripheral devices, storage media, Cabling, connectors, the Data Network, the LAN, telephone equipment and other equipment (however described) provided from time to time by the Certegy Group for use by IBM to perform and deliver the Services and fulfill its obligations under the Agreement. The Certegy Provided Hardware as of the Commencement Date is listed on and/or referred to in <u>Schedule C</u> to each Transaction Document for such Transaction Document, which schedule shall be updated pursuant to <u>Section 8.1</u> during the Term to reflect the then-current Certegy Provided Hardware.
Certegy Provided Office Furnishings	means the desks, chairs, filing cabinets, office cube partitions and other office furniture (however described) provided from time to time by the Certegy Group for use by IBM to perform and deliver the Services and fulfill its obligations under the Agreement. The Certegy Provided Office Furnishings as of the Commencement Date are listed on and/or referred to in <u>Schedule T</u> to each Transaction Document for such Transaction Document, which schedule shall be updated pursuant to <u>Section 8.1</u> during the Term to reflect the then-current Certegy Provided Office Furnishings.
Certegy Server Configurations	shall have the meaning given in a Schedule to each Transaction Document for such Transaction Document.
Certegy Software	means Applications Software-Certegy, Systems Software-Certegy and Certegy LAN Software.
Certegy Works	means literary works of authorship (other than Code) Developed by IBM and/or its subcontractors independently or jointly with the Certegy Group and/or its contractors under the Agreement, specifically for the Certegy Group or the Certegy Business or specifically for the purpose of providing the Services, including without limitation user manuals, charts, graphs and other written documentation, and machine-readable text and files, but shall not include any Derivative Works of any works in which the copyright is owned by IBM, its Affiliates or subcontractors.
Change Control Process	has the meaning given in <u>Section 6.3</u> of the Agreement.
Change of Control	means the transfer of the Control of a Party, or a sale of substantially all of the assets of a Party, from the persons or persons who hold such Control on the Effective Date to another person or persons, but shall not include a transfer of the Control of a Party to an Affiliate of such Party.
Change Request	has the meaning given in <u>Section 6.3</u> .
Claim	has the meaning given in <u>Section 14.5(a)</u> .
Code	has the meaning given in <u>Section 10</u> .
Commencement Date	means the date set forth in each Transaction Document for the start of the Services covered by such Transaction Document.

Company Information	has the meaning given in Section 11.1 .
Confidential Information	has the meaning given in Section 11.1 .
Contract Year	means each twelve (12) calendar month period, or portion thereof, beginning January 1 of each calendar year during the Term.
Control, Controlling, or Controlled	means possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of an entity through ownership of greater than fifty (50%) percent of the voting securities of such entity.
Cost of Living Adjustment (“COLA”)	has the meaning given in Schedule J to each Transaction Document for such Transaction Document.
CRF or Change Request Form	has the meaning given in Section 6.3 .
Data Center	means the data centers from which the Services are provided located in the Facilities as set forth in each Transaction Document.
Data Network	means the communication facilities and components set forth in the Schedules to each Transaction Document that are used to transmit voice, image and data signals and which initially consist of the communications facilities and components used by the Certegy Group immediately prior to the Commencement Date to provide information communication services to the Certegy Group, including without limitation, all Machines, Software, communications lines. Cabling and Wiring used to connect and transmit information among the Facilities and the Network Locations, but does not include End User Machines.
Derivative Work	means a work based on one or more pre-existing works, including without limitation, a condensation, transformation, expansion or adaptation, which would constitute a copyright infringement if prepared without authorization of the owner of the copyright of such pre-existing work.
Develop	has the meaning given in Section 10 .
Direct Damages	has the meaning given in Section 13.3 .
Direct Damages Caps	has the meaning given in Section 13.1(b) .
Disabling Code	means Code which is designed for the purpose and has the effect of disabling or otherwise shutting down for or more software programs or systems and/or hardware or hardware systems.
Disaster Recovery Center	means the location designated by such name or its equivalent in the Disaster Recovery plan referenced in Schedule G to each Transaction Document for such Transaction Document.
Disaster Recovery Services	means the Disaster Recovery services described in Schedule G to each Transaction Document for such Transaction Document.
Effective Date	means the date set forth on the initial page of the Master Agreement.
End User Machines	means all work stations, terminals, printers, fax machines, and associated peripheral equipment used by end users and described in a Schedule to each Transaction Document for such Transaction Document, whether stationary or

	mobile equipment used by end users, but does not include the work stations being used by IBM personnel in connection with the scheduled Projects or the Certegy Provided Hardware located in the Data Center.
Elements of the Services	has the meaning given in Section 17.15 .
Execution Date	has the meaning given in Section 8.3(c) .
Extension Period	has the meaning given in Section 1.4 .
Facilities	has the meaning given in a Schedule to each Transaction Document for such Transaction Document.
Force Majeure Event	has the meaning given in Section 17.3(a) .
Help Desk	means the IBM help desk which is staffed by IBM to provide support to Certegy as described in Schedule M to each Transaction Document for such Transaction Document.
IBM Code	means Code Developed by IBM personnel at IBM's expense and not as part of the Services, but used to provide the Services, which code does not constitute a Derivative Work of any software owned by the Certegy Group, IBM, or their respective Affiliates or contractors or subcontractors. IBM Code shall not include any Certegy Derivative Code.
IBM Derivative Code	means Code Developed under the Agreement, which constitutes Derivative Works of software for which the copyright is owned by IBM, its Affiliates or its subcontractors.
IBM Direct Damages Cap	has the meaning given in Section 13.1(a)(i) .
IBM Indemnitees	has the meaning given in Section 14.2 .
IBM Interfaces	means Code and/or literary works of authorship created at IBM's expense, by IBM personnel and/or its contractors and not as part of the Services, but used to provide the Services, and interface or describe and instruct regarding the interface, between and among Applications Software and the Systems Software, which does not constitute a Derivative Work of any software or literary works of authorship owned by the Certegy Group, IBM, or their respective Affiliates or contractors, including without limitation, user manuals, charts, graphs and other written documentation, and machine-readable text and files.
IBM LAN Software	has the meaning given in Schedules A and B .
IBM Logo Products	has the meaning given in Section 4.7 .
IBM Machines	means the computer equipment, peripheral devices, storage media, cabling, connectors, extenders and other equipment (however described) including without limitation, modems, routers and termination boxes for the Network located in the Facilities and other Certegy Group Sites, including without limitation Data Center and at the Network Locations, provided by or through and used from time to time by IBM to perform and deliver the Services and fulfill its obligations under the Agreement. The IBM Machines as of the Commencement Date are listed on Schedule D to each Transaction Document for such Transaction Document, which schedule shall be updated pursuant to Section 8.1 during the Term to reflect the

IBM Software	then current IBM Machines.
IBM Year 2000 Compliance or Compliant	means the Applications Software-IBM, Systems Software-IBM and IBM LAN Software.
IBM Works	means that the product will, subject to the provisions of Section 4.5(b) , when used in accordance with its associated documentation, (i) accurately process and handle date data (including but not limited to, calculating, comparing and sequencing, to the extent that the product's specifications provide for such processing or handling of date data) within, from, into and between the twentieth and twenty-first centuries, and the years 1999 and 2000, including leap year calculations, to the extent that all other products used in combination with such product properly exchange date data with it, and (ii) will properly exchange date data with other IBM Logo Products that are IBM Year 2000 Compliant, provided that such IBM Logo Products are specified by IBM to operate together as part of a system.
Indemnified Party	means literary works of authorship (other than Code) Developed at IBM's expense, by IBM personnel and/or its contractors and not specifically for the Certegy Group or the Certegy Business or not specifically for the purpose of providing the Services, but used to provide the Services, including without limitation user manuals, charts, graphs and other written documentation and machine-readable text and files, but shall not include any Derivative Works of any works in which the copyright is owned by Certegy or its Affiliates or subcontractors.
Indemnifying Party	has the meaning given in Section 14.4 .
Indemnitee	has the meaning given in Section 14.5(a) .
Installations, Moves, Adds and Changes or (IMACS)	has the meaning given in Section 14.1 .
Integrated Planning Team or "IPT"	"Installation" means the installation of circuits, network hardware and software and network end-user equipment at any Authorized User location, including testing to ensure network connectivity and proper operation. "Move" means the physical disconnection of network equipment and services and, in some cases, the relocation to another site. In most cases, this activity is coordinated with outside vendors, such as telephone company representatives, to ensure that all necessary components of the network are properly moved, and if appropriate re-installed. Recording of assets by decal and serial number is critical to the integrity of the move. "Add" means the process of adding, expanding and possibly reconfiguring network systems. This may involve circuits, circuit speeds or network equipment. In some cases, network software would be affected. After the process is complete, testing occurs to ensure that the final system is fully operational. "Change" means the process of altering an existing network system or environment and could include network software upgrades and system or technology enhancements. The change could be implemented by IBM or a third-party vendor, with testing occurring after the change to ensure network and systems integrity.
Key Employees	means the team composed of the individuals specified in Section 6 .
	means those employees agreed by Certegy and IBM to be key employees pursuant to each Transaction Document and identified in Schedule V thereto.

Level One Support	has the meaning given in a Schedule to each Transaction Document for such Transaction Document.
Level Three Support	has the meaning given in a Schedule to each Transaction Document for such Transaction Document.
Level Two Support	has the meaning given in a Schedule to each Transaction Document for such Transaction Document.
Listed Subcontractors	has the meaning given in <u>Section 8.6(a)</u> .
Local Area Network (LAN)	means all communications equipment and components that are used to transmit voice, image and data signals within a local area network and which initially consist of the communications facilities and components in use by Certegy immediately prior to the Commencement Date to provide local area network communications facilities to the Certegy Group as described in <u>Schedule I</u> to each Transaction Document for such Transaction Document, including without limitation the associated attachments, peripherals, features, software and accessories, communications lines and Cabling, including the wiring systems, at the locations specified in such Schedule.
Losses	means all losses, liabilities, damages, penalties and claims (including taxes and all related interest and penalties incurred directly with respect thereto), and all related costs, expenses and other charges (including all reasonable attorneys' fees and reasonable costs of investigation, litigation, settlement, judgment, interest and penalties).
Machines	means the IBM Machines and Certegy Provided Hardware.
Maintenance Release	means those Software fixes and updates provided by the Software vendors as part of normal maintenance service for the Software for which there is no charge by such vendors in addition to periodic maintenance charges, if any.
Materials	means the Certegy Code, the Certegy Derivative Code, the Certegy Works, the IBM Code, the IBM Derivative Code, the IBM Works and the IBM Interfaces.
Minimum Service Levels	has the meaning given in <u>Schedule S</u> to each Transaction Document for such Transaction Document.
Monthly Charge	has the meaning given in <u>Schedule J</u> to each Transaction Document for such Transaction Document.
Network	means the Data Network, Local Area Network and Voice Services.
Network Locations	has the meaning given in <u>Schedule I</u> to each Transaction Document for such Transaction Document.
Network Vendors	means any third parties providing information communication services to Certegy which are accessed or will be accessed through the Network.
New Services	has the meaning given in <u>Section 3.12</u> .
Notice	has the meaning given in <u>Section 16.1(b)</u> .

Other Products	has the meaning given in Section 4.5(c) .
Parties	means IBM and Certegy as detailed on the initial page of the Agreement.
Party	means IBM or Certegy as detailed on the initial page of the Agreement.
Performance Standards	means the service levels and performance responsibilities under which the Services will be provided. The Performance Standards are described in Schedule S to each Transaction Document for such Transaction Document.
Performance Value	has the meaning given in Section 9.8(d) .
Poll	means to electronically connect the Facilities to the other Certegy Group sites to retrieve data, perform downloads/updates and/or execute remote diagnostics.
Project	means the portion of the Services described in Schedule N to each Transaction Document.
Project Executive	has the meaning given in Section 7.1 .
Required Consents	means any consents or approvals required to be obtained (a) to allow IBM and its subcontractors to assume financial and/or support, operational, management and administrative responsibility for the Certegy Software, the Certegy Provided Hardware and the Certegy Provided Office Furnishings in connection with the Services; (b) for the licensing, transfer and/or grant of the right to the Certegy Group to use the IBM Software and IBM Machines as contemplated by the Agreement; and (c) for the Certegy Group and IBM and its subcontractors to have access to and use of the space, equipment, software and/or third party services provided under the Third Party Agreements in connection with the Services as contemplated by the Agreement.
Resource Unit (“RU”)	has the meaning given in Schedule E to each Transaction Document for such Transaction Document.
Service Credits	has the meaning set forth in Section 9.9 and Schedule S to each Transaction Document.
Service Employees	has the meaning given in Section 12.6(g) .
Services	means the Certegy In-Scope Operations, including, without limitation, any migration of the Certegy In-Scope Operations from the Certegy Group to IBM pursuant to a Transaction Document.
Services Transfer Assistance	has the meaning given in Section 12.5 .
Similarly Situated Customers	means IBM customers with substantially the same mix and type of processing applications and systems resources utilization at similar or lesser volumes.
Software	means IBM Software and Certegy Software.
Supplement	means the Supplement to each Transaction Document containing the charges and certain other necessary information.
System	means the Machines, Software and Network covered under the Agreement and the

	operating environment therefor.
Systems Software	means those programs and programming (including all supporting documentation and media) that perform tasks related to the functioning of the data processing, and telecommunication equipment which is used to operate the Applications Software or otherwise to support the provision of the Services by IBM under the Agreement, whether or not licensed to IBM. Systems Software may include but is not limited to, database creation and management software, application development tools, operating systems, software utilities, data security software, data network software, communications monitors and data base managers. Systems Software as of the Commencement Date is listed in <u>Schedule B</u> to each Transaction Document for such Transaction Document, which schedule shall be updated pursuant to <u>Section 8.1</u> during the Term to reflect the then current Systems Software.
Systems Software—Certegy	means the systems software and general purpose software such as the database creation and management software, utility software and applications development tools software listed in <u>Schedule B</u> to each Transaction Document for such Transaction Document under such heading provided or to be provided by Certegy.
Systems Software-IBM	means Systems Software listed in <u>Schedule B</u> to each Transaction Document for such Transaction Document under the heading “Systems Software-IBM”, provided or to be provided by IBM.
Systems Software Maintenance	means defect identification and fixes, and installation of those fixes and updates provided by software vendors as part of normal maintenance service for Systems Software for which there is no charge by such vendor in addition to periodic maintenance charges, if any, and, subject to <u>Section 3.9</u> defect identification, provision of fixes and installation of those fixes and updates for Systems Software used by IBM to provide the Services for which there is no generally commercially available maintenance and support.
Term	has the meaning given in <u>Section 1.3</u> and any extension and renewal term described in the Agreement.
Termination Charge	means the amount set forth in a Supplement to a Transaction Document.
Third Party Agreements	means those contractual, leasing and licensing arrangements for which IBM has undertaken financial, management and/or administrative responsibility and pursuant to which a member of the Certegy Group receives any third party products, software and/or services in connection with the provision of the Services. Third Party Agreements to which one or more members of the Certegy Group is a party are listed on <u>Schedule F</u> to each Transaction Document for such Transaction Document, which schedule shall be updated pursuant to <u>Section 8.1</u> during the Term to reflect the then-current Third Party Agreements.
Third Party Provider	means a business or entity other than a member of the Certegy Group or IBM that provides products, software and/or services under a Third Party Agreement, in support of the provision of the Services by IBM.
Tower	has the meaning given in <u>Section 1.2(a)</u> .
Trade Secrets	has the meaning given in <u>Section 11.1</u>

Transaction Document	means each document executed by IBM with Certegy pursuant to the Agreement, providing for the performance and delivery of a portion of the Services to a specific site or group of sites with respect to one or more of the Towers. Such document will be in the form of <u>Exhibit 3</u> and structured as described in <u>Exhibit 2</u> .
Transition Cover Costs	has the meaning given in <u>Section 13.3(b)</u> .
Transition Costs	means the costs incurred and profit charged by IBM on such costs to transition into a Transaction Document Services arrangement. Such costs do not include the costs of hardware or software to provide the on-going Services.
Transition Period	has the meaning given in <u>Section 5.1(a)</u> .
Transition Personnel	has the meaning given in <u>Section 5.1(b)</u> .
Transition Plan	has the meaning given in <u>Section 5.1(a)</u> .
Unplanned Resource Unit	has the meaning given in <u>Schedule J</u> to each Transaction Document.
Version	means those Software updates that generally add function to the existing Software and may be provided by the Software vendors at a fee over and above the standard periodic software maintenance costs.
Virus or Viruses	means computer instructions that are intended, designed and have the effect of adversely affecting the specified operation, security or integrity of a computing, telecommunications or other digital operating or processing system or environment.
Voice Equipment	means PBXs and Key Systems (AT&T and non-AT&T), telephony switches, key systems, telephone sets, voice mail equipment, voice response units and associated software and equipment performing similar functions.
Voice Services	means all Voice Equipment and associated controllers, channel banks, carrier services (e.g., VNET), lines and Cabling, together with all software related thereto, used to transmit voice traffic within or outside of Certegy locations, but does not include the Data Network.
Wind-Down Expenses	means the net amount, after IBM takes commercially reasonable action to mitigate the adverse financial impact on IBM, that will reimburse IBM for the actual reasonable costs that IBM incurs in the disposition and/or reallocation of IBM Machines, IBM Software and the portion of the Data Center dedicated to the performance of the Services, the placement of IBM personnel allocated to the delivery of the Services, and the termination, if appropriate, of the Third Party Agreements, in the event of a termination occurring prior to the expiration of the Term or the term of any Transaction Document; provided, however, Certegy shall have the right to mitigate such costs by (a) hiring the IBM personnel primarily employed to provide the Services under the Agreement; (b) purchasing, or subject to the terms thereof, assuming the leases for, the IBM Machines primarily used to provide the Services under the Agreement; (c) assuming the licenses and maintenance agreements for the IBM Software primarily used to provide the Services under the Agreement; and/or (d) taking similar actions.
Wiring	means those cables or wires that are internal to the building structure and that interconnect machines within the same building or between buildings.

Year 2000 Compliance or Compliant

means that the product will accurately process and handle date data (including but not limited to, calculating, comparing and sequencing) within, from, into and between the twentieth and twenty-first centuries, and the years 1999 and 2000, including leap year calculations, and to the extent such product must perform with other products as part of the System, they will properly exchange date data among themselves in accordance with the foregoing.

Year 2000 Services

means assessment or testing services which have the principal objective of determining whether machines, software and/or other products are Year 2000 Compliant, as well as conversion or remediation services which have the principal objective of modifying and/or enhancing machines, software and/or other products so that they are Year 2000 Compliant.

3. THE SERVICES

3.1. Obligation to Provide Services

- a) Starting on the Commencement Date of each Transaction Document and continuing during the term of each Transaction Document, IBM shall provide the Services to, and perform the Services for, the Certegy Group and the other Authorized Users.
- b) In performing and providing the Services, the relationship of IBM with the members of the Certegy Group will be as an independent contractor. However, as a result of its position in providing and performing the Services, the Parties acknowledge that certain employees of IBM and each of its Affiliates providing portions of the Services may have a unique knowledge of the information technology operations of the members of the Certegy Group that no employee of a member of the Certegy Group will have in full, and employees of IBM and each of its Affiliates providing portions of the Services will be interacting with the employees, executive management and accountants to the Certegy Group and the members thereof, and will be performing functions that would otherwise be performed by employees of the Certegy Group.
- c) There may be functions, responsibilities, activities and tasks not specifically described in the Agreement (including the Transaction Documents and the Supplements and Schedules thereto) which are required for the proper performance and provision of the Services and are an inherent part of, or a necessary subpart included within, the Services. If such functions, responsibilities, activities and tasks are determined to be required for the proper performance and provision of the Services or are an inherent part, or a necessary sub-part included within, the Services, such functions, responsibilities, activities and tasks shall be deemed to be implied by and included within the scope of the Services to the same extent and in the same manner as if specifically described in the Agreement (including the Transaction Documents and the Supplements and Schedules thereto). Each such determination shall be made by agreement of the Parties or resolved pursuant to the dispute resolution provisions of Section 16.

3.2. Performance

- a) IBM agrees that the performance of the Services covered by each Transaction Document will meet or exceed each of the applicable Performance Standards and Minimum Service Levels set forth in the Schedules to each such Transaction Document, subject to the limitations and in accordance with the provisions set forth in the Agreement.
- b) Concurrent with the semi-annual Business and Operations Support Plan review process described in Sections 6.1 and 6.2 and more often if requested by Certegy, Certegy and IBM will review and agree to commercially reasonable changes, modifications, deletions and replacements of and additions to the Performance Standards, the Minimum Service Levels and the Service Credits under each Transaction Document for the purposes of better and more timely reflecting, facilitating and supporting the continuing development, and evolving priorities of the Certegy Group and the Certegy Business. Any such changes will be implemented through the Change Control Process. The Performance Standards and the Minimum

Service Levels shall not be changed, modified or adjusted downward or upward without the prior written agreement of the Parties. The Parties intend that the Performance Standards and the Minimum Service Levels will be improved over time. The Parties agree to cooperate and deal with each other in good faith to promptly resolve on a reasonable basis in consonance with the purposes of the review process, any differences between the Parties regarding appropriate changes to, modifications of, additions to, deletions of and replacements of the Performance Standards, the Minimum Service Levels and the Service Credits.

- c) IBM will continue to use the existing measurement and monitoring tools and procedures to set Resource Unit Baseline measurements and to measure and report IBM's performance of the Services against the Performance Standards and Minimum Service Levels. Subject to Certegy's prior approval (which approval shall not be unreasonably withheld), IBM shall implement the necessary measurement and monitoring tools and procedures required to set Resource Unit Baseline measurements and to measure and report IBM's performance of the Services against the Performance Standards and Minimum Service Levels as such standards and levels may be developed, modified and changed during the term of each Transaction Document and as the Services may evolve and be supplemented and enhanced during the Term. Such measurement and monitoring shall permit reporting at a reasonable level of detail sufficient to verify compliance with the Performance Standards and Minimum Service Levels and application of any attendant Service Credits. IBM shall prepare and maintain detailed records regarding its compliance with the Performance Standards and Minimum Service Levels and the determination and application of attendant Service Credits. Upon request, IBM shall provide Certegy with information and reasonable access to such tools and procedures, and the records relating thereto, for purposes of verification of the reported performance levels.

3.3. Disaster Recovery Services

IBM will provide Disaster Recovery Services under each Transaction Document in accordance with Schedule G to each Transaction Document. If IBM fails to provide Disaster Recovery Services to the extent and in accordance with the time table set forth in such Schedule for a period as set forth in Schedule G to each Transaction Document. Certegy will be entitled, at its election, to terminate such Transaction Document pursuant to Section 12.1(a) (without giving the notices and observing the cure periods set forth in Section 12.1(a)) upon written notice to IBM. If Certegy elects to terminate such Transaction Document as described in this Section 3.3, Certegy shall give notice to IBM of such election within thirty (30) days after the occurrence of the event on which such termination is based. In the event of a termination of such Transaction Document is authorized under this Section 3.3, Certegy shall not be required to pay any Termination Charges or Wind-Down Expenses to IBM. Such termination shall not constitute the sole and exclusive remedy of Certegy for such failure of performance by IBM.

3.4. Audits

- a) IBM will assist the Certegy Group in meeting their respective audit and regulatory requirements, including providing access to the Facilities, the Data Center and IBM's books and records, to enable the Certegy Group and its auditors and examiners to conduct appropriate audits and examinations of the Certegy Group's operations and IBM's operations relating to the performance of the Services, and to verify the accuracy of IBM's charges and credits to Certegy and that the Services are being provided in accordance with the Agreement and the Performance Standards and Minimum Service Levels set forth in each Transaction Document; provided, however, that neither Certegy nor its auditors will be allowed access to other IBM or IBM Affiliates customers' records or IBM confidential and proprietary data, but provided further that nothing in the Agreement shall limit or restrict Certegy's or IBM's rights in discovery proceedings pursuant to any civil litigation. Such access will require forty-eight (48) hour written notice to IBM and will be provided at reasonable hours. If any audit or examination reveals that IBM's invoices for the audited period are not correct (other than amounts in dispute pursuant to Section 9.12). IBM shall promptly reimburse Certegy for the amount of any overcharges, or Certegy shall promptly pay IBM for the amount of any undercharges. If any such audit activities interfere with IBM's ability to perform the Services in accordance with the Performance Standards and Minimum Service Levels under any Transaction Document, IBM shall be relieved of such performance obligations under such Transaction Document to the extent caused by such audit activity. If the assistance required of IBM shall cause IBM to

expend resources and incur additional costs to provide such assistance that are not within the scope of the Services and Resource Unit Baselines, Certegy shall reimburse IBM for such costs.

- b) Subject to Section 4.6, IBM agrees to make any changes to the Services and take other actions which are necessary in order to maintain compliance with laws or regulations applicable to its performance and provision of the Services. Subject to Section 4.6, Certegy may submit to IBM findings and recommendations regarding changes to the Services necessary for the compliance by Certegy with applicable laws and regulations which IBM will analyze and consider in good faith. IBM shall promptly respond to Certegy regarding IBM's evaluation and activity plan for such findings and recommendations.

3.5. Facilities and Data Center

- a) IBM will not relocate the portion of the Services provided from the Facilities and the Data Center as set forth in each Transaction Document without the prior written consent of Certegy as described in Section 5.3(d).
- b) During the Term, IBM will provide the Certegy Group with access upon prior notice to the portion of the Facilities used by IBM to provide and perform the Services (including, without limitation, the Data Center) in order for Certegy to provide tours of such portions of the Facilities and such tours will be conducted in a manner reasonably calculated not to interfere with IBM's provision of Services.
- c) IBM will provide reasonable access to the portion of the Facilities used by IBM to provide and perform the Services as necessary or appropriate for the performance, delivery and use of the Services by the Certegy Group and for the operation, maintenance, upgrade, support and use of any other Certegy hardware, software and other resources located in the Facilities including the Data Center (i) to the Certegy Group's authorized employees, agents and representatives, and (ii) to Third Party Providers and third party vendors and suppliers of installation, maintenance, support and upgrade services, technology and hardware for the System and any other Certegy hardware, software and other resources located in the Facilities including the Data Center serviced thereby. To the extent practical in light of such installation, maintenance, support and upgrade requirements, Certegy will provide twenty-four (24) hours notice to IBM prior to any visits by such Third Party Providers and third party vendors and suppliers.
- d) All access to the portion of the Facilities under the control of IBM and used by IBM to provide and perform the Services (including, without limitation, the Data Center) shall be subject to (i) reasonable data and records protection and physical security measures (including Certegy physical security requirements) and (ii) such Certegy Group employees, agents and representatives and Third Party Providers and third party vendors and suppliers undertaking reasonable confidentiality requirements relating to such visits.

3.6. Security

Certegy will authorize all access to all Software operated by, and Company Information and other records of the Certegy Group in the possession of IBM in support of the Services covered by each Transaction Document through the data and records security procedures as described in Schedule L to such Transaction Document. IBM shall notify Certegy of the identity of each of the entities and personnel working with IBM to provide and perform the Services covered by each Transaction Document that are to be authorized access to the Software utilized in support of the Services covered by such Transaction Document and the level of security access required by each. The Parties shall cooperate in administering security procedures regarding such access, in accordance with such Schedule. IBM will enable such access by persons as designated by Certegy and deny such access to all other persons, in accordance with such Schedule.

3.7. Technology Refresh

IBM will refresh the information technologies components of the Services (including both hardware and software components) as specifically provided in the Agreement (including each Transaction Document). This Section 3.7

shall not affect or limit IBM's obligations or authority to perform the repair, maintenance and upgrade functions and services as set forth in the Agreement.

3.8. Software Licenses

- a) IBM will comply with all license obligations under all licenses and maintenance agreements for the Software, including without limitation, the obligations of nondisclosure and scope of use; provided, however, IBM will only be obligated under this Section 3.8(a) with regard to the licenses and maintenance agreements for Certegy Software to the extent the obligations thereunder are disclosed to and accepted by IBM. To the extent provided to IBM by Certegy prior to execution of each Transaction Document. IBM shall be deemed to have reviewed and accepted the obligations under the licenses and maintenance agreements for the Certegy Software listed on Schedules to such Transaction Document as of the Commencement Date under such Transaction Document, unless otherwise noted in such Transaction Document.
- b) All IBM Software provided by IBM in connection with the Services and any Certegy Software licensed under a Third Party Agreement shall be licensed (and the attendant maintenance arrangements contracted) in the name of the Certegy Group member designated by Certegy as the licensee with IBM having the right to access and use such Software in performing the Services, unless IBM can procure such Software (and/or attendant maintenance arrangement) on a more cost effective basis licensed in its own name.
- c) IBM shall use commercially reasonable efforts to obtain from the applicable Software vendors a right to assign or transfer, without any payment of any additional fee or charge by Certegy, any licenses (and attendant maintenance arrangements) for the Software licensed and contracted in IBM's name as licensee to Certegy upon termination or expiration of the Agreement and as applicable, each Transaction Document. If IBM is unable to obtain from the applicable Software vendor the rights described in the immediately preceding sentence, and, in any event, prior to (i) the addition to the IBM Software of any software which is not listed in Schedules to a Transaction Document for the Certegy operations covered by such Transaction Document, or (ii) any upgrade, enhancement or modification of any IBM Software listed in Schedules to a Transaction Document for the Certegy operations covered by such Transaction Document. IBM shall (A) obtain Certegy's prior written consent for any such actions, (B) provide Certegy with information regarding the amount of any fees and other reasonable requirements Certegy would be required to undertake in order to obtain a license to and maintenance for such IBM Software upon the expiration or termination of the Agreement and as applicable, each Transaction Document, and (C) use commercially reasonable efforts to obtain a firm commitment from the providers of such IBM Software to license and provide maintenance for the IBM Software to Certegy upon the expiration or termination of the Agreement upon the payment of such fees and satisfaction by Certegy of such requirements. If Certegy does not respond to a request for consent from IBM within twenty-one (21) business days of receipt of such request together with the information and confirmation of the actions required of IBM in this Section 3.8(c), Certegy shall be deemed to have granted its consent to the actions for which IBM requested consent. IBM shall consider and take into account in the negotiation of its licensing and maintenance arrangements with providers of the IBM Software, Certegy's reasonable concerns regarding the terms and conditions of such IBM Software licenses and maintenance agreements, and make such licenses, maintenance agreements and related documentation, exclusive of pricing information related to charges to IBM, available to Certegy upon request.
- d) IBM shall not direct the Certegy Group to terminate, extend, replace, amend or add licenses for the Software and/or the maintenance arrangements attendant therewith, contracted in the name of a member of the Certegy Group without notifying Certegy in writing of the proposed action by IBM and obtaining Certegy's prior written agreement; moreover, IBM shall provide to Certegy a written report of the reasons for, and the impact and ramifications on the Services of, such proposed action concurrently with such notification; IBM may terminate, replace, amend or add licensees for the IBM Software as it chooses so long as IBM continues to perform the Services in the manner required by the Agreement; provided, however, IBM agrees to provide twenty-one (21) business days written notification to Certegy prior to each such termination, replacement, amendment or addition and concurrently with such notification, deliver to Certegy a written report of the reasons for, and the impact and ramifications on the Services of, IBM's proposed action. In addition, if such action by IBM with respect to a license and/or maintenance

arrangement for the IBM Software will have an impact on the Services or the monitoring and/or evaluation of the Services in a manner that in turn will have a financial and/or operational impact on the Certegy Group or the ability of IBM or Certegy to monitor and/or evaluate the performance and delivery of the Services, and IBM is notified in writing by Certegy of its estimate of such financial and/or operational impact prior to IBM's implementation of such action and IBM elects to proceed, IBM will provide or cause to be provided the programs, services, rights and other benefits and resources that are the subject of such licenses and maintenance agreements to the Certegy Group on terms no less favorable than the terms of such license and maintenance agreements and ensure that there shall be no negative impact on the ability of IBM or Certegy to monitor and/or evaluate the performance and delivery of the Services. If Certegy in connection with or resulting from IBM's termination, replacement, amendment or addition of any license for IBM Software and/or maintenance arrangement incurs additional expenses, costs or Losses, including but not limited to personnel costs, and IBM has been notified in writing by Certegy of its estimate of such financial impact prior to IBM's implementation of such action and IBM elects to proceed, IBM shall promptly reimburse Certegy for such amounts actually incurred by Certegy; provided, however, that in each instance in this [Section 3.8\(d\)](#) that Certegy provides IBM an estimate of the financial impact of an action by IBM on Certegy, the amounts recoverable from IBM by Certegy in each such instance shall not exceed the amount of the written estimate provided to IBM for each such instance.

- e) IBM will update and maintain as changes occur, a listing of all Software by name, Maintenance Release and Version promoted into production on each Machine at each location of the Machines and will provide to Certegy upon request from time to time a copy of such updated list.

3.9. Software Currency

The Parties agree to maintain reasonable currency for Maintenance Releases and Versions of Software, unless Certegy requests otherwise. For purposes of this Section, "reasonable currency" shall mean that the next Maintenance Release or Version is installed not later than the longer of (i) twelve (12) months after the date the licensor makes such Maintenance Release or Version commercially available, or (ii) within one (1) month after the date the licensor makes a subsequent Maintenance Release or Version commercially available which causes Certegy to be more than one Maintenance Release or Version behind, unless such Maintenance Release or Version contains defects, Viruses Disabling Code or similar infirmities identified by the Parties, or either of them, that will adversely affect Certegy's operations, in which case, the previous Maintenance Release or Version will be deemed "reasonably current".

In the event Certegy requests IBM to expedite installation of a Maintenance Release or Version or to delay the installation of a Maintenance Release or Version of specific Software beyond such period or requires operation and maintenance of multiple Versions of Software, IBM shall do so, provided, that if IBM reasonably determines that it will incur any additional costs as a result of such requests (e.g., Software support costs due to withdrawal of maintenance by the licensor, multiple version charges, etc.) for resources not otherwise required to provide the Services under the applicable Transaction Document or covered under a current Resource Unit Baseline for such Transaction Document, then IBM will notify Certegy of the amount of such costs in writing and Certegy, at its option, will either delay installation of such Maintenance Release or Version or update the Software to the current level (as applicable) or reimburse IBM for any demonstrable costs. The installation and promotion into production of each Maintenance Release and Version shall be performed in accordance with the Change Control Process.

In addition, Certegy shall relieve IBM from any failure to meet a Performance Standard or Minimum Service Level to the extent directly impacted by the delay or acceleration of the next Maintenance Release or Version until such time as the affected Software is brought to "reasonable currency" as defined in this [Section 3.9](#).

3.10. Viruses

IBM will take commercially reasonable measures to ensure that no Viruses or similar items are coded or introduced into the System and the operating environments used to provide the Services. IBM will continue to perform the Virus protection and correction procedures and processes in place at the Certegy

Group prior to the Commencement Date of each Transaction Document, and will continue to review, analyze and implement improvements to and upgrades of such virus prevention and correction programs and processes that are commercially reasonable and consistent with industry standards. If a Virus is found to have been introduced into the System and the operating environments used to provide the Services, IBM shall use commercially reasonable efforts and diligently work to eliminate the effects of the Virus; provided, however, IBM shall take immediate action if required due to the nature or severity of the Virus' proliferation. The Party causing or permitting a Virus to be introduced into the System shall bear the costs associated with such efforts. Notwithstanding any other term of this Section 3.10, neither Party shall be liable to the other Party or any of its Affiliates for any such costs incurred by any of them with respect to items and areas outside of the System. If the Certegy Group introduces or permits the introduction of a Virus, IBM shall be relieved of the Performance Standards and Minimum Service Levels to the extent such Virus impacts IBM's ability to satisfy such Performance Standards and Minimum Service Levels.

3.11. Software—Substitutions and Additions

- a) If Certegy requests a substitution of any Software under any Transaction Document for which IBM has financial responsibility, Certegy shall pay or receive a credit in the amount by which the periodic license or maintenance fees attributable to the substituted Software exceeds or is less than the then-current periodic license or maintenance fees being paid by IBM attributable to the Software being replaced. If Certegy requests deletion of any Software for which IBM has financial responsibility from the Schedules to a Transaction Document and does not immediately substitute any other new Software therefor, Certegy may utilize an amount equal to the then-current applicable periodic license and/or maintenance fees attributable to such deleted Software to offset the fees attributable to any new Software or receive a credit in such amount. IBM will provide Certegy with the requisite license and/or maintenance fees support documentation to assist Certegy in evaluating the decision to replace such Software. Certegy will be responsible for any other fees payable to the Software vendor associated with such substitutions or additions.
- b) Certegy may add Software to, or delete Software from, the Schedules to any Transaction Document. IBM agrees to promote into or remove from production, use and operate any Software selected by Certegy; provided, however, that any resources (software, hardware, personnel, etc.) required to install, delete and/or operate such added Software that is not otherwise required to provide the Services under such Transaction Document, or covered under a current Resource Unit Baseline for such Transaction Document, will be provided as New Services pursuant to Sections 3.12. Certegy shall be permitted by IBM to audit, control and approve all new Software prior to its promotion into production, and IBM shall provide the cooperation, information and access necessary or appropriate to permit Certegy to perform such functions.
- c) If IBM timely notifies Certegy that any software requested by Certegy be substituted for, deleted from, or added to, the Software will have an adverse impact on the operation of the System before such action is effected and Certegy directs IBM to effect such action even in view of such notice, IBM shall be relieved of any failure to satisfy the Performance Standards and Minimum Service Levels to the extent, and only to the extent, such action affects IBM's ability to satisfy such Performance Standards and Minimum Services Levels.

3.12. New Services

- a) During the Term, Certegy may request IBM to perform a "New Services" (defined as an additional function, responsibility or task under any Transaction Document that requires resources for which there is no current Resource Unit Baseline or charging methodology under such Transaction Document, that is, such function, responsibility or task is not included in the Monthly Charge and is not charged separately under another methodology other than this New Services provision). Further, Certegy's request for a New Service may include a request for IBM to correspondingly reduce or eliminate one or more existing elements of the Services then being provided under the applicable Transaction Document that are being replaced by the New Services. In such event, IBM shall determine the resources and expenses related to the element or elements of the Services being reduced or eliminated and those required for the New Services being added.

Promptly after receiving each request for New Services from Certegy, IBM will provide a written quote for such New Services to Certegy setting forth the net increase or decrease allocable to the resources and expenses eliminated and/or added in the Monthly Charge and/or other charging methodologies under the applicable Transaction Document, and as applicable, increases and decreases in existing Resource Unit Baselines and additional Resource Unit Baselines, if any, that will be attributable to such New Services, and will concurrently deliver to Certegy as a part of such quote a detailed description of and proposal for the New Services together with a report regarding the ramifications and impacts of such New Services on the Services under such Transaction Document. All changes in the Monthly Charge and other charging methodologies will be based upon the required proportional increase in personnel, System and other resources applicable to the New Services relative to the Monthly Charge and existing other charging methodologies. Upon receipt of such quote and other documentation, Certegy may then elect to have IBM perform the New Services, and the Monthly Charge and, if applicable, other charging methodologies and Resource Unit Baselines under such Transaction Document will be established and/or adjusted to reflect such New Services in a written amendment to the Agreement in accordance with Section 17.2. Notwithstanding the foregoing, nothing herein shall be deemed to obligate Certegy to obtain New Services from IBM.

- b) The Parties agree that changes during the Term in functions, responsibilities and tasks that are within the scope of the Services will not be deemed to be New Services, if such functions, responsibilities and tasks evolved or were supplemented and enhanced during the Term by IBM in its sole discretion or pursuant to the provisions of the Agreement.

3.13. Affiliates

If the Certegy Group acquires any additional Affiliates or other operations or assets during the Term and desires that IBM provide the Services for such Affiliates or other operations or assets, IBM will provide such Affiliates or other operations or assets with Services in accordance with the Agreement, subject to additional charges if acceptance of such responsibilities by IBM would require usage of Baseline Resources in excess of the Baseline Resources set forth in the Agreement or additional charges if acceptance of such responsibilities by IBM would require the performance of New Services as described in Section 3.12.

4. WARRANTIES/REPRESENTATIONS/COVENANTS

4.1. Work Standards

IBM warrants, represents and covenants that (a) it has, and during the Term will have, and each of the IBM employees and subcontractors that it will use to provide and perform the Services has and during the Term will have, the necessary knowledge, skills, experience, qualifications and resources to provide and perform the Services in accordance with the Agreement; (b) it has successfully provided and performed the Services or services that are substantially similar to the Services for other customers of IBM; and (c) the Services will be performed for the Certegy Group in a diligent, workmanlike manner in accordance with industry standards applicable to the performance of such services.

4.2. Noninfringement

Each of the Parties covenants that it will perform its responsibilities under the Agreement in a manner that does not infringe, or constitute an infringement or misappropriation of, any patent, trade secret, copyright or other proprietary right of any third party. Notwithstanding this provision or any other provision in the Agreement, Certegy makes no warranty or representation with respect to any claims for such infringement or misappropriation by virtue of its compliance with obligations herein to provide IBM access to, use of or benefits of any Third Party Agreements prior to receiving the necessary Required Consents; provided, however, that this Section 4.2 shall not relieve Certegy from any liability or obligation under Sections 8.2 and 14.2.

4.3. Disabling Code

IBM covenants that IBM will take commercially reasonable steps to ensure that no Disabling Code in the Systems Software will be permitted to be invoked without the prior written consent of Certegy. IBM further covenants that with respect to any Disabling Code that may be part of the Systems Software, IBM will not knowingly invoke Disabling Code at any time, including upon expiration or termination of the Agreement or any Transaction Document for any reason, without Certegy's prior written consent.

4.4. Authorization and Enforceability

Each Party hereby represents and warrants that:

- a) it has all requisite corporate power and authority to enter, and fully perform pursuant to, into the Agreement;
- b) the execution, delivery and performance of the Agreement and the consummation of the transactions contemplated hereby have been duly and properly authorized by all requisite corporate action on its part; and
- c) the Agreement has been duly executed and delivered by such Party.

4.5. Disclaimer

- a) IBM does not warrant the accuracy of any advice, report, data or other product delivered to Certegy to the extent any inaccuracies are caused by data and/or software provided by Certegy. Such products are delivered AS IS, and IBM shall not be liable for any inaccuracy therein. IBM will promptly notify Certegy of any such inaccuracies of which IBM becomes aware and the cause therefore if known by IBM. IBM will provide commercially reasonable assistance to Certegy to remedy such problems.
- b) Subject to the obligations of IBM to satisfy the Performance Standards and Minimum Service Levels and provide the Services as set forth in the Agreement without material denigration or interruption, IBM does not assure uninterrupted or error-free operations of the Software and Machines.
- c) Except as set forth in a Transaction Document, IBM is not providing any Year 2000 Services under the Agreement. IBM shall not be responsible for its failure to perform any of its obligations (including, for example, failure to meet Performance Standards or Minimum Service Levels) under the Agreement, if such failure is the result of the inability of
 - 1) Certegy's,
 - 2) a third party's or
 - 3) IBM's products installed prior to the Execution Date of a Transaction Document (for example, software, hardware or firmware) ("Other Products") to correctly exchange, process and handle date data (including, but not limited to, calculating, comparing and sequencing) within, from, into and between the twentieth and twenty-first centuries, and the years 1999 and 2000, including leap year calculations.
- d) IBM assumes no responsibilities or obligations to cause products or deliverables provided by IBM to accurately exchange date data with Other Products or to cause Other Products to accurately exchange date data with products or deliverables provided by IBM.
- e) EXCEPT AS PROVIDED IN THE AGREEMENT, THERE ARE NO OTHER EXPRESS WARRANTIES OR COVENANTS, AND THERE ARE NO IMPLIED WARRANTIES OR COVENANTS, INCLUDING,

BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OR COVENANTS OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

4.6. Regulatory Proceedings and Compliance with Laws

Each Party agrees at its cost and expense to obtain all necessary regulatory approvals applicable to its business, to obtain any necessary permits for its business, and to comply with all laws and regulatory requirements applicable to the performance of its obligations under the Agreement.

4.7. Year 2000 Warranty

IBM warrants that products manufactured or distributed by IBM and bearing a logo of IBM and/or an IBM Affiliate ("IBM Logo Products") that are provided under the Agreement and installed after the Execution Date of a Transaction Document and used to provide Services under the Agreement will be IBM Year 2000 Compliant, unless IBM notifies Certegy of its intention to install a non-IBM Year 2000 Compliant IBM Logo Product and Certegy agrees in writing to such installation.

4.8. Covenant of Cooperation and Good Faith

The Parties covenant to timely and diligently cooperate, with due consideration of the goals, objectives and purposes of the Agreement, to facilitate the performance of their respective duties and obligations under the Agreement in a commercially reasonable manner. Further, the Parties agree to deal and negotiate with each other and their respective Affiliates in good faith in the execution and implementation of their duties and obligations under the Agreement.

5. TRANSITION

5.1. Transition Plan

- a) Prior to the Commencement Date for each Transaction Document or such other date as the Parties may agree, IBM and Certegy through the Certegy/IBM Integrated Planning Team will have developed and agreed upon the "Transition Plan" set forth in Schedule H to such Transaction Document, describing (i) the transition from the Certegy Group to IBM or its Affiliate of the Affected Employees, if any; (ii) the transition of the administration, management, operation under and financial responsibility for the Third Party Agreements from the Certegy Group to IBM or its Affiliate; and (iii) the transition of the performance of and responsibility for the other functions, responsibilities and tasks currently performed by the Certegy Group to IBM or its Affiliate which comprise the Services covered by such Transaction Document. The Transition Plan shall be implemented and completed over a mutually agreed period as set forth in the Transition Plan starting on the Commencement Date, which period shall not extend beyond a date certain set forth in such Transaction Document, without the prior written agreement of the Parties (the "Transition Period"). Notwithstanding the foregoing in this Section 5.1(a), IBM's and Certegy's responsibilities and obligations with respect to the Affected Employees, the Third Party Agreements and the other elements of the Services as set forth in the Agreement shall commence on the dates set forth in such Transaction Document, or if no date is set forth in such Transaction Document, the Commencement Date under such Transaction Document.
- b) During the Transition Period, Certegy will cooperate with IBM in implementing the Transition Plan by providing the personnel (or portions of the time of the personnel) set forth in the Transition Plan ("Transition Personnel") and performing the tasks described for Certegy in the Transition Plan. During the Transition Period, IBM will be responsible for the provision of the Services set forth in each Transaction Document (including within those Services the implementation of the Transition Plan).

5.2. Affected Employees

The Certegy Group may eliminate certain of the positions within the Certegy Group associated with the Certegy In-Scope Operations commencing on the Commencement Date under any Transaction Document and through the end of the Transition Period under such Transaction Document. IBM will, with Certegy's consent, offer employment to each of the individuals listed on Schedule O to such Transaction Document, in accordance with the employment guidelines set forth on such Schedule O (the "Affected Employees"). All costs and expenses incurred by IBM in connection with the offer to employ and the employment of the Affected Employees shall be the responsibility of IBM. IBM will promptly reimburse Certegy for the amount of salary and benefit costs incurred by Certegy, if any, with respect to each Affected Employee after the Commencement Date for the period until they receive offers and reject such offers, become IBM employees, or IBM determines not to offer employment to an Affected Employee in accordance with its employment guidelines and notifies Certegy in writing of such determination.

5.3. Resources and Facilities

- a) To enable IBM to provide the Services, the Parties may agree under a Transaction Document for Certegy to provide, at no charge to IBM, the use of the Certegy Provided Hardware, Certegy Provided Office Furnishings, Certegy facilities, and offices services such as reasonable local analog telephone services for the sole purpose of providing and performing the Services covered by the Transaction Document for the Certegy Group. These obligations will generally not include the provision of (i) office, storage or equipment/Data Center space, parking facilities, or heat, light, power, air conditioning and other similar utilities which will be provided under a separate lease agreement between the members of the Certegy Group as lessor and IBM or its Affiliates as lessee for a portion of the Facilities, or (ii) office support services (e.g., janitorial and security), office supplies and similar services and consumables. All such items provided by Certegy shall comply with all applicable laws and regulations relating to safety and use. Subject to the satisfaction of Certegy's obligation with respect to compliance with applicable laws and regulations, IBM shall ensure a safe working environment is maintained with the Certegy Provided Hardware, Certegy Provided Office Furnishings and Certegy facilities in compliance with all applicable laws and regulations, and shall take no action that will compromise such safety of such working environment or violate such laws and regulations.
 - 1) When the Parties agree that the Certegy Provided Hardware and Certegy Provided Office Furnishings are no longer deemed necessary to perform the Services, Certegy's obligations set forth in this Section and in any Transaction Document with respect to each such item of resources shall terminate.
- b) Except as otherwise provided in the Agreement, IBM will have the responsibility and obligation to provide and administer, manage, support, maintain and pay for all resources (including, without limitation, personnel, hardware, software, facilities, services and other items, however described) necessary or appropriate for IBM to provide, perform and deliver the Services as described in the Agreement.
- c) IBM will provide and have on site as set forth in each Transaction Document its Project Executive under each such Transaction Document prior to the Commencement Date and for the duration of the term of each such Transaction Document, and will timely provide additional trained and qualified personnel as necessary or appropriate to facilitate and ensure the timely and proper definition, provision, performance and delivery of the Services in accordance with the Agreement.
- d) IBM will have the right to change the location of the IBM activities associated with the Services under any Transaction Document with the prior written consent of Certegy (which consent shall not be unreasonably withheld) and upon the occurrence of a Force Majeure Event. Among the factors Certegy may consider in determining whether to grant any such consent, Certegy may consider whether any and all changes in the location of such IBM activities may result (i) in a reduction of IBM's ability to perform the Services and the Business and Operations Support Plan, (ii) in any reduced accessibility to IBM and/or the Services by the Certegy Group; (iii) in any deterioration of the Services; (iv) any decrease in the security or integrity of operations and Company Information of the Certegy Group; and (v) in any additional cost to Certegy.

6. INTEGRATED PLANNING TEAM/CHANGE CONTROL PROCESS

6.1. Certegy/IBM Integrated Planning Team

- a) The Parties shall form and participate in an Integrated Planning Team in accordance with the provisions of this Section 6 for the following purposes:
- 1) to provide leadership and direction for the relationship over the Term;
 - 2) to define and forecast the resources required to be allocated by IBM to perform and deliver the Services pursuant to the procedures and processes for the preparation and update of the "Business and Operations Support Plan";
 - 3) to define and evaluate the objectives, substance, repricing and performance of the Services and pricing of new and replacement services;
 - 4) to provide second level issue resolution for matters that the line managers are unable to resolve; and
 - 5) to report to Certegy and IBM regarding each of the foregoing areas.
- b) The Integrated Planning Team will be comprised of dedicated staffs from both Parties, representing technology and business management from multiple geographic locations, as provided in Exhibit 6 and each Transaction Document. The Integrated Planning Team will be co-chaired by Certegy's Chief Technology Officer and IBM's Global Project Executive through the first year of the Term and then the Integrated Planning Team shall be co-chaired as mutually agreed by the Parties thereafter. The "Charter and Operating Procedures Guidelines" for the Integrated Planning Team are set forth in Exhibit 6 and may be modified by the Parties from time to time during the Term upon agreement.

6.2. Reports/Projections/Plans

- a) Prior to the Execution Date of each Transaction Document, IBM will provide Certegy a plan showing the timing of the scheduled hardware and software upgrades and/or hardware refresh points during the term of such Transaction Document that are included in the Annual Services Charge and reflected in the Baselines. Such plan will be updated whenever there is a repricing of the current Services or the addition or replacement of Services under such Transaction Document through New Services pursuant to Section 3.12 herein. Charges and credits with respect to the acceleration, delay or cancellation of such upgrades and/or refresh are handled by the charging/credit and pricing adjustment processes set forth in this Agreement, Annual Services' Charge adjustments, the Transaction Document and its Schedules (e.g., Baseline Adjustment, ARCs, RRCs, New Services, benchmarking, etc.).
- b) Commencing on September 30, 2001 and on March 31 and September 30 of each year of the Term thereafter, Certegy will provide to the Integrated Planning Team its projected business and volume requirements for the Services for the next twelve (12) and twenty-four (24) calendar months. Further, Certegy will provide to the Integrated Planning Team in the first week of each calendar quarter its forecasted business and volume requirement for the Services for the following calendar quarter. The quarterly forecast may be amended by Certegy on ninety (90) days' prior written notice. Within thirty (30) days of receipt of each such projection and amendment, IBM will review and respond to the projections from Certegy with the technical provision requirements that it deems necessary to satisfy the business and volume requirements projected by Certegy. After review and acceptance by the Integrated Planning Team, the IBM response will be incorporated into the Business and Operations Support Plan.
- c) Commencing on December 31, 2001 and on June 30 and December 31 of each year during the Term, IBM will provide to the Integrated Planning Team the then current Business and Operations Support Plan. The Business and Operations Support Plan will be composed of a short-term, technical plan covering twelve

(12) months and any long-range, strategic plan covering twenty-four (24) months, both of which will be driven by the Certegy Group's business goals and objectives as reflected in the projections described in 6.2(a) above. The short-term plan will include an identification of support, processes, systems, resources and changes required by the Certegy Group, and a projected time schedule for developing, integrating and implementing the requirements. The long-range plan will treat the strategic aspects of the support of the business goals and objectives of the Certegy Group as set forth in the projections described in Section 6.2(a), including, without limitation, flexible use of resources managed by IBM as part of the Services in support of the Certegy Group's business priorities and strategies.

IBM will draft the Business and Operations Support Plan with Certegy's active participation, cooperation and advice through the Integrated Planning Team. IBM will provide input for the plan regarding industry trends with respect to the Services and proposals with regard to the Services for process improvements, change management, skilled development, quality improvement, cost per Resource Unit reductions, increased efficiency and flexibility in operations and resource utilization, and enhance functionality. The final Business and Operations Support Plan for each six (6) month period will be provided by IBM based on the mutual agreement of the Parties, with any disputed matters being submitted to the dispute resolution process set forth in Section 16. The Business and Operations Support Plan will be reviewed and updated at least semi-annually thereafter. Any changes to the Agreement or the Services required by the Business and Operations Support Plan will be defined, approved and implemented in accordance with the Change Control Process set forth in Section 6.3.

6.3. Change Control Process

Within ninety (90) days after the Effective Date and for the remainder of the Term, the Parties shall define, establish, implement, document and maintain a change control process for activities, processes, provisions and operations under the Agreement including each Transaction Document and to evolve the Services (the "Change Control Process"). The purposes and objectives of the Change Control Process are (i) to determine whether a change to the System is within the scope of the Services or constitutes a New Service under the applicable Transaction Documents, (ii) to prioritize all requests for changes to the System ("Change Requests"), (iii) to minimize the risk of exceeding both time and cost estimates associated with the Change Requests by identifying, documenting, quantifying, controlling, managing and communicating Change Requests and their disposition and as applicable, implementation; and (iv) to identify the different roles, responsibilities and actions that shall be assumed and taken by the Parties to define and implement the changes to the System.

The Project Executives shall be the focal point for all Change Requests and shall be responsible for promptly and diligently effecting the activities set forth above in this Section 6.3 with respect to each Change Request.

The Change Control Process shall include, at a minimum:

- 1) Changes to the System may be requested by either Party. Since a change may affect the price, schedule or other terms, both the Certegy and IBM Project Executives must review and approve, in writing, each Change Request before any change is implemented.
- 2) The Party proposing a Change Request will write a Change Request Form ("CRF"), describing the change, the rationale for the change and the effect that change will have, if completed, or the impact it will have, if rejected, on the Agreement, any Transaction Document and/or the Services.
- 3) Certegy's or IBM's Project Executive, as appropriate, will review the proposed Change Request. If accepted, the CRF will be submitted to the other Party for review and approval. If rejected, the CRF will be returned to the originator along with the reason for rejection.
- 4) All material Change Requests shall be forwarded to the Integrated Planning Team for review and approval prior to implementation.

- 5) Each approved Change Request will be implemented through a written change authorization. If any Change Request results in a change in scope, price, or terms and conditions, then the Agreement and affected Transaction Document including the Supplement and Schedules thereto, will be updated to reflect the changes in scope, price or terms and conditions, as appropriate pursuant to Section 17.2.

7. SERVICES STAFFING/MANAGEMENT/ADMINISTRATION

7.1. Project Executives

- a) Prior to the Commencement Date under each Transaction Document, IBM and Certegy will each designate an individual to whom all communications to the appointing Party may be addressed and who has the authority to act for the appointing Party and its subcontractors in connection with all aspects of such Transaction Document (the "Project Executive").
- b) Unless otherwise provided in a Transaction Document, IBM shall cause each person assigned as a IBM Project Executive under each Transaction Document to devote substantially all of his or her working time and effort in the employ of IBM to his or her responsibilities for the provision of the Services under such Transaction Document as required by such Transaction Document, subject to IBM's reasonable holiday, vacation and medical leave policies and subject to occasional, short-term, non-recurring work on other assignments by IBM related to the Project Executive's areas of expertise. Before the initial and each subsequent assignment of an individual to such position, each Party shall notify the other Party of the proposed assignment, introduce the individual to appropriate representatives of the other Party, and IBM will, consistent with IBM's personnel practices, provide Certegy with a resume and any other information about a prospective IBM Project Executive reasonably requested by Certegy. Each Party agrees to discuss with the other Party any objections the other Party may have to such assignment.
- c) IBM will give Certegy at least ninety (90) days advance notice of a change of the person appointed as the IBM Project Executive under each Transaction Document, and will discuss with Certegy any objections Certegy may have to such change. IBM shall not reassign or replace any person assigned as the IBM Project Executive during the first year of his or her assignment to the Certegy service team under any Transaction Document, nor shall IBM assign more than four (4) different individuals to such position during the term of any Transaction Document, unless Certegy consents to such reassignment or replacement, or the IBM employee voluntarily resigns from IBM, requests a transfer, is terminated by IBM or is unable to work due to his or her death or disability.

7.2. Replacement of Personnel

If Certegy reasonably and in good faith determines that it is not in Certegy's best interests for any IBM or subcontractor employee to be appointed to perform or to continue performing any of the Services, Certegy shall give IBM written notice specifying the reasons for its position and requesting that such employee not be appointed or be removed from the IBM or IBM subcontractor employee group servicing Certegy and be replaced with another IBM employee or IBM subcontractor employee. Promptly after its receipt of such a notice, IBM shall investigate the matters set forth in the notice, discuss with Certegy the results of the investigation, and resolve the matter in a mutually agreeable manner.

7.3. Retention of Experienced Personnel

If IBM fails under any Transaction Document to meet the Performance Standards or Minimum Service Levels under any Transaction Document persistently or continuously and if Certegy reasonably believes such failure is attributable in whole or in part to IBM's reassignment, movement, or other changes in the human resources allocated by IBM to the performance and delivery of the Services pursuant to such Transaction Document or the Agreement and/or to the IBM subcontractors assigned to the Certegy service team, Certegy will notify IBM of such belief and the basis for such belief. Upon receipt of such notice from Certegy, IBM (a) will promptly provide to Certegy a report setting forth IBM's position regarding the matters raised by Certegy in its notice; (b) will meet with Certegy

to discuss the matters raised by Certegy in its notice and IBM's positions with regard to such matters; and (c) will promptly and diligently take commercially reasonable action to modify or eliminate any IBM practices and/or processes identified as adversely impacting the performance and delivery of the Services.

7.4. Efficient Use of Resources

IBM shall take commercially reasonable actions (a) to efficiently administer, manage, operate and use the resources employed by IBM to provide and perform the Services that are chargeable to Certegy under the Agreement, and (b) to diligently and continuously improve the performance and delivery of the Services by IBM and the elements of the policies, processes, procedures and System that are used by IBM to perform and deliver the Services, including, without limitation, re-engineering, tuning, optimizing, balancing or reconfiguring the processes, procedures and systems used to perform, deliver and track the Services.

8. RELATIONSHIP PROTOCOLS

8.1. Evolving Nature of Relationship

a) The Supplement and Schedules to each Transaction Document will be updated by the Parties as necessary or appropriate from time to time during the Term to accurately reflect the evolution of the Services and components and elements of the Services as described therein. The preceding sentence is not intended, nor is it authorization, to expand the scope of the Services except as provided pursuant to Section 3.12 entitled "New Services."

1) For the one hundred-eighty (180) days following the Commencement Date under each Transaction Document, IBM and Certegy reserve the right to inventory, validate and update any information that is reflected in or omitted from the Transaction Document and attached Supplement and/or Schedules. If discrepancies are detected, the Transaction Document, Supplement and/or Schedules shall be promptly changed, modified, updated and adjusted to correct such discrepancies upon mutual agreement, so that the Transaction Document, Supplement and/or Schedules will be correct and accurately reflect the Services and charges provided by IBM to Certegy Group. If either Party disputes the existence of a discrepancy identified by the other Party, the Parties will submit the matter to the Certegy/IBM Integrated Planning Team for dispute resolution as specified in Section 16.

b) Both Certegy and IBM agree that the Services provided may require adjustments to reflect the evolving business and operations of the Certegy Group and IBM, that the relationship memorialized by the Agreement and the Transaction Documents is dynamic in nature and will evolve as the operating and business environment of the Certegy Group changes and evolves, and that the scope of the Services that will be provided by IBM during the Term and corresponding fees charged by IBM may be changed and modified with the written agreement of the Parties pursuant to the Change Control Process. Therefore, the Integrated Planning Team will periodically evaluate the business and operating strategies of each Party and recommend modifications to, and evolution of, the Services (including the Performance Standards and Minimum Service Levels) to optimize such strategies and determine the effect that any modifications of the Services may have on the fees chargeable by IBM under the Agreement.

8.2. Required Consents

a) The Certegy Group shall remain the contracting party of record for the Third Party Agreements allocable to each Transaction Document and to which the Certegy Group is a party on the Execution Date under each such Transaction Document. Certegy shall have the responsibility for timely obtaining all Required Consents under the Third Party Agreements allocable to a Transaction Document and to which the Certegy Group is a party, except Third Party Agreements to which IBM or any Affiliate of IBM is a party. IBM will provide Certegy with advice and counsel regarding IBM's experience and agreements with the third party vendors under the Third Party Agreements to which the Certegy Group is a party on the Execution Date under each such Transaction Document with regard to obtaining any Required Consents, and the

benefit of any relationship of IBM with each such third-party vendor to the extent permitted under the IBM-third party vendor arrangement to obtain any Required Consent. IBM will have management and administrative responsibilities for obtaining all Required Consents under the Third Party Agreements allocable to each Transaction Document existing on the Execution Date of each such Transaction Document, subject to the consent of Certegy to the terms of each such Required Consent. IBM shall have the responsibility for timely obtaining all Required Consents under Third Party Agreements allocable to a Transaction Document to which IBM or an Affiliate is a party, subject to the consent of Certegy to the terms of each such Required Consent. The provisions of this Section shall be applicable to New Services unless otherwise provided by the Parties in the documentation governing New Services.

- b) Subject to the provisions of Section 8.3, IBM will use commercially reasonable efforts to obtain, and will act as Certegy's attorney in fact in connection with obtaining, any Required Consents that are both (i) the obligation of Certegy under Section 8.2(a), and (ii) under Third Party Agreements allocable to a Transaction Document that are entered into after the Execution Date under such Transaction Document. Upon obtaining a third party vendor's agreement to terms for a Required Consent, the Required Consent shall be provided to Certegy for review, approval, and signature. If IBM is unable to obtain the Required Consent within a reasonable time in a form acceptable to Certegy, then the Parties' obligations with respect to the performance of, and payment for, any Services dependent on such Required Consent shall be determined in accordance with the provisions of Section 8.2(e).
- c) Subject to Section 8.2(d), Certegy shall bear the costs, if any, of obtaining all Required Consents, including without limitation, all charges and fees related to obtaining the Required Consents for the Third Party Agreements allocable to each Transaction Document and to which the Certegy Group is a party existing as of the Execution Date under each such Transaction Document, except agreements for software manufactured by IBM and its Affiliates and Third Party Agreements relating to Systems Software, Machine maintenance and Machine leases, IBM shall bear the costs of obtaining all Required Consents for the Third Party Agreements allocable to each Transaction Document existing as of the Execution Date under each Transaction Document and not described above as the responsibility of Certegy. For all Third Party Agreements allocable to each Transaction Document entered into after the Execution Date under each such Transaction Document, the Party requesting the product or service to which the Third Party Agreement relates shall bear the costs, if any, of obtaining Required Consents. In addition, Certegy shall bear the costs, if any, associated with the cancellation and re-licensing of any Software allocable to a Transaction Document and licensed by the Certegy Group prior to the Execution Date under such Transaction Document if required for IBM to provide the Services after the Commencement Date under such Transaction Document, except Software licensed from IBM or any Affiliate of IBM. IBM shall bear the cost, if any, associated with the cancellation and re-licensing of any Software allocable to a Transaction Document and licensed by the Certegy Group prior to the Execution Date under such Transaction Document licensed from IBM or any Affiliate of IBM, if required for IBM to provide the Services after the Commencement Date under such Transaction Document. The provisions of this Section shall be applicable to New Services unless otherwise provided by the Parties in the documentation governing New Services
- d) Notwithstanding anything to the contrary in Section 8.2(c), IBM shall bear any costs allocable to Certegy under Section 8.2(c) provided that: (i) the costs are incurred because the third party vendor from whom a Required Consent is requested or who requires cancellation and re-licensing of Software has a pre-existing policy to charge for or not grant a Required Consent or to require cancellation and re-licensing of Software because of a dispute with IBM, (ii) the third party vendor does not have such a policy generally with respect to outsourcing vendors with whom the third party vendor does not have a dispute, (iii) the policy is not limited to IBM's outsourcing activities with the Certegy Group, and (iv) Certegy uses diligent and commercially reasonable efforts to convince the vendor to treat IBM on the same basis as other outsourcing vendors. In any such case, IBM may propose a functionally equivalent substitute, if available, for the product or service provided by the third party vendor, and Certegy will consider in good faith implementation of such substitute product or service. No substitute product or service will be implemented without the consent of Certegy, which shall not be unreasonably withheld. IBM's liability under this Section 8.2(d) shall be limited to the amounts charged by a third party vendor that are directly attributable to such third party vendor's pre-existing policy to charge for Required Consents or to require cancellation and relicensing of Software when IBM or another outsourcing vendor with which a dispute exists is the

outsourcing services provider and shall not in any event include any amounts that would have otherwise been charged by such third party vendor if another outsourcing services provider was requesting a Required Consent or obtaining the right to access Software.

- e) Notwithstanding any other provision of the Agreement, no Services requiring a Required Consent shall commence and no Monthly Charge or other charge shall commence for such Services until all applicable Required Consents for such Services are obtained, unless otherwise agreed by the Parties; provided, however, that to the extent the Monthly Charge or other charge includes amounts that constitute unrecovered investment of IBM, such amounts will be due and payable to IBM by Certegy within a period not to exceed six (6) months following commencement of such Services. IBM will publish a list each month setting forth the status of each Required Consent until all Required Consents are obtained. Certegy shall timely cooperate with IBM in order to facilitate the proper and timely publication of such monthly Required Consents list. Subject to the foregoing portion of this Section 8.2(e), if any Required Consent is not obtained with respect to any of the Third Party Agreements existing as of the Commencement Date under any Transaction Document, and prior to the Commencement Date, the Parties agree to commence the provision of Services without such Required Consents, the Parties shall cooperate with each other in achieving a reasonable alternative arrangement for Certegy to continue to process its work with minimum interference to its business operations unless and until such Required Consents are obtained. The cost of achieving such reasonable alternative arrangement shall be borne by IBM if caused by Required Consents needed from (i) IBM or Affiliates of IBM, (ii) from the licensors of the IBM Software, and/or (iii) from third-party vendors under any Third Party Agreements treating outsourcing arrangements involving IBM as the services provider differently than their standard policies afforded to other outsourcing services providers generally as described in Section 8.2(c), and in all other instances such cost shall be borne by Certegy.

8.3. Appointment as Attorney In Fact

- a) Certegy appoints IBM as the attorney in fact of the members of the Certegy Group, and IBM accepts such appointment as a part of the Services, for the limited purposes of administering, managing, supporting, operating under and paying under the Third Party Agreements to which one or more members of the Certegy Group is a party, and to obtain certain Required Consents as provided in Section 8.2(b), in connection with the Services as contemplated by the Agreement. Certegy does not appoint IBM as the attorney in fact of the members of the Certegy Group for the purposes of entering into oral or written agreements with any individual or business entity for or in the name of the Certegy Group or their Affiliates, without the prior express written approval of Certegy. Certegy agrees to promptly notify all Third Party Providers under the Third Party Agreements to which one or more members of the Certegy Group is a party of such appointment. Subject to its obligation to indemnify Certegy for any applicable penalties, damages, termination or other charges under Section 14.1, IBM may direct that the Certegy Group cancel, substitute, terminate, change or add to the Third Party Providers under the Third Party Agreements as it chooses so long as IBM continues to perform the Services in the manner required by the Agreement; provided, however, IBM must submit written notification to Certegy and obtain Certegy's written agreement prior to the cancellation, substitution, termination, change or addition of any Third Party Agreement to which one or more members of the Certegy Group is or will be a party. If Certegy does not respond to such notice from IBM within twenty-one (21) business days of Certegy's receipt of such notice, Certegy shall be deemed to have agreed to the cancellation, substitution, termination, change or addition described in the IBM notice. If any such cancellation, substitution, termination, change or addition of a Third Party Agreement will have an impact on the operations of users that are outside the scope of the Services and Certegy has notified IBM prior to the expiration of the Certegy response period described above of such impact and IBM elects to proceed, IBM will provide or cause to be provided the products and/or services that are the subject of such Third Party Agreement to the users that are outside the scope of the Services on terms no less favorable than the terms of the applicable Third Party Agreement.
- b) IBM will perform its obligations and responsibilities as an attorney in fact pursuant to Section 8.3(a) under all Third Party Agreements to which a member of the Certegy Group is a party subject to the provisions of the Agreement, including, without limitation, Section 8.2, this Section 8.3, Section 9.1 and Section 11. Upon Certegy's request, IBM will provide to Certegy all information and documentation related to its activities as the Certegy Group's attorney in fact with regard to such Third Party Agreements. Certegy may

terminate or provide additional restrictions on IBM's attorney in fact appointment with respect to any Third Party Agreement to which one or more of the members of the Certegy Group is a party if IBM (i) fails to pay any amount due in a timely manner; (ii) permits an actual default to occur; or (iii) does not diligently pursue the service and financial benefits available to the Certegy Group under such Third Party Agreement.

- c) Beginning on the Execution Date (as defined in the applicable Transaction Document) of each Transaction Document and for the term of each such Transaction Document, the Certegy Group will not enter into any new, or terminate or amend any existing, Third Party Agreement to which one or more members of the Certegy Group is a party that adversely impacts IBM's ability to provide the Services covered by such Transaction Document or increases IBM's cost of providing such Services without the prior written consent of IBM.

8.4. Conflicts of Interests

- a) Each Party recognizes that IBM personnel providing Services to the Certegy Group under the Agreement may perform similar services for others and the Agreement shall not prevent IBM from performing similar services for others subject to the restrictions set forth in Section 11 and/or the applicable Transaction Document; provided, however, IBM shall not use any of the Certegy Provided Hardware or Certegy Software or Certegy Provided Office Furnishings to perform similar services for others (including the IBM), without the prior written consent of Certegy.
- b) Neither Party, through its personnel at any site covered under a Transaction Document, shall knowingly, directly or indirectly, solicit any employee of the other Party or their Affiliates at such site during the Term of the Agreement unless otherwise agreed in writing by the Parties and except as provided in Section 12.6(g). Certegy or IBM employee's responses to or employment resulting from general public solicitations will be exempted from this provision.
- c) Any specific restrictions related to Key Employees shall be as specified in the applicable Transaction Document.

8.5. Alternate Providers

- a) During the Term, Certegy shall have the right to retain third party suppliers to perform any service, function, responsibility, activity or task that is within the scope of the Services or would constitute a New Service pursuant to Section 3.12, or to perform any such services, functions, responsibilities or tasks (whether all or a part of the Services or the New Services) internally. IBM shall cooperate with any such third party supplier and Certegy as requested from time to time. Such cooperation shall include, without limitation, (i) providing reasonable physical and electronic access to the Facilities, the Data Center and the books and records in the possession of IBM regarding the Certegy Business and/or the Services; (ii) use of any Machines used by IBM to perform services for the Certegy Group for the Certegy Business; (iii) use of any of the Software (other than any Software where the underlying license agreement does not authorize such access and consent permitting such access and use has not been obtained); (iv) providing such information (subject to an appropriate confidentiality agreement, if appropriate) regarding the operating environment, System constraints, and other operating parameters as is reasonably necessary for the work product of the third party supplier of the Certegy Group to be compatible with the Services or New Services; and (v) such other reasonable cooperation as may be requested by Certegy.
- b) IBM's obligations hereunder shall be subject to the third party suppliers' compliance with reasonable Facilities and Data Center data and physical security and other applicable standards and procedures, execution of appropriate confidentiality agreements, and reasonable scheduling of computer time and access to other resources to be furnished by IBM pursuant to the Agreement.
- c) If IBM's cooperation with Certegy or any third party supplier performing work as described in Section 8.5(a), causes IBM to expend a material amount of additional resources and incur costs that IBM would not otherwise have expended but which fall within the scope of activities comprising the Services, such

additional resources and costs will be charged to Certegy under the established charging mechanism and/or Resource Unit Baseline therefor; provided, however, if the additional resources expended and costs incurred are not within the scope of activities comprising the Services, Certegy shall reimburse IBM at its standard rates for such resources subject to Section 9.11 hereof and for such costs as invoiced. The Parties further agree that if in IBM's reasonable, good faith determination, a third party supplier's activities affect IBM's ability to meet the Performance Standards or otherwise provide the Services in accordance with the Agreement, IBM will provide written notice to Certegy of such determination. The Parties will cooperate to determine and verify whether such effect is caused by a third party supplier, the extent of such affect, and how to ameliorate any such effect. IBM shall be excused for any inability to meet the Performance Standards, Minimum Service Levels or otherwise provide any of the Services to the extent, and only for the period, any such third party supplier's activities directly affect and impact IBM's ability to meet any Performance Standard or Minimum Service Level or otherwise provide any of the Services in accordance with the Agreement.

- d) Certegy's retention of third party suppliers pursuant to this Section 8.5 to perform services, functions, activities, tasks or responsibilities that are within the scope of the Services shall not relieve Certegy of its obligations set forth in the Agreement to pay IBM the charges applicable to such services, functions, activities, tasks or responsibilities as set forth in the Agreement, unless Certegy is relieved from such charge pursuant to a provision of the Agreement or by the agreement of IBM.

8.6. Use of Subcontractors

- a) Within thirty (30) days after the Commencement Date under each such Transaction Document, the Parties will develop and prepare a list of approved subcontractors under each such Transaction Document that the Parties agree may be engaged by IBM to perform and deliver the part or portion of the Services indicated on such list as a subcontractor to IBM (the "Listed Subcontractors"). Affiliates of IBM shall be deemed to be Listed Subcontractors. With respect to subcontractors which are not Listed Subcontractors, IBM shall notify Certegy at least fifteen (15) business days prior to the proposed date of commencement by IBM of any subcontractor's activity with respect to the Certegy Group or the Services, in writing of a decision to delegate or subcontract a function, responsibility or task to a subcontractor, or to change subcontractors for any function, responsibility or task, (i) that could have a material affect on the quality, timing, cost, consistency or performance of the Services under any Transaction Document or on the operations of any member of the Certegy Group or on the security of the Certegy Group data, books and records, or Facilities, or on the Certegy Business as conducted by any member of the Certegy Group, or (ii) where the subcontractor will interface directly with the members of the Certegy Group. Upon Certegy's request, IBM shall promptly provide to Certegy information regarding the proposed new or replacement subcontractors in order to permit Certegy to determine whether to grant its consent to such delegation or change or subcontract. Such information shall include the scope of the Services to be delegated, and the experience, financial status, resources, and reason for selection of the proposed subcontractors. Subject to IBM's timely provision of the foregoing information to Certegy, Certegy shall be deemed to have accepted such delegation or subcontract or change that is the subject of the notification by IBM to Certegy, if Certegy has not notified IBM in writing of its good faith objections to such delegation or subcontract on or before the fifteenth (15th) day after receipt of such notice from IBM. IBM shall not delegate or subcontract or change subcontractors unless and until IBM and Certegy shall have resolved any objection timely made by Certegy to such proposed action by IBM. In addition, IBM shall not disclose any Confidential Information of the Certegy Group to any subcontractor unless and until such subcontractor has agreed in writing to protect the confidentiality of such Confidential Information in a manner equivalent to that required of IBM by Section 11.
- b) IBM shall remain primarily liable and obligated to Certegy for the timely and proper performance of all of its obligations hereunder even if such obligations are delegated to third party subcontractors (including, without limitation, Affiliates of IBM entering into Transaction Documents with Certegy and Affiliates of Certegy), and for the proper and timely performance and actions of any person or entity to which it delegates or subcontracts any such obligation.

8.7. Certegy Approvals and Notification

For those areas of the Services where Certegy (a) has reserved a right-of-approval, consent or agreement, (b) is required to provide notification, and/or (c) is to perform a responsibility set forth in the Agreement, and such approval, consent, notification or performance is delayed or withheld beyond the period provided in the Agreement, including any Transaction Document and the Supplement and the Schedules thereto, without authorization or right and, such delay or withholding is not caused by IBM and affects IBM's ability to provide the Services under the Agreement including any Transaction Document and the Supplement and Schedules thereto. Certegy will relieve IBM of the responsibility for meeting the Performance Standards and Minimum Service Levels for that portion of the Services to the extent, but only to the extent, directly affected by such delay or withholding. Certegy will reimburse IBM in accordance with the Agreement for additional resources, if any, incurred during such period as a direct result thereof. If not specified otherwise in the Agreement, the period for such approval or notification shall be fifteen (15) business days unless another time period is otherwise agreed by the Parties.

9. CHARGES/NEW SERVICES/INVOICES/PAYMENTS

9.1. Disbursements

Beginning on the Commencement Date of each Transaction Document, IBM will pay as part of the Services covered by such Transaction Document the Third Party Providers for the provision of the software, products and services under the Third Party Agreements as set forth in the applicable Transaction Document. In addition, IBM will reimburse Certegy in a timely manner for payments to such Third Party Providers by the Certegy Group for amounts allocable to periods on and after the Commencement Date under each such Transaction Document. Certegy will promptly reimburse IBM for all payments to such Third Party Providers made by IBM if such payments are allocable to the periods prior to any such Commencement Date and are not otherwise the responsibility of IBM under the Agreement. If IBM should receive during the Term any refund, credit or other rebate in respect of such Third Party Agreements which is attributable to a period prior to the Commencement Date under the applicable Transaction Document, IBM will promptly notify Certegy of such refund, credit or rebate and will promptly pay to Certegy the full amount of such refund, credit or rebate. If Certegy should receive during the Term any refund, credit or other rebate in respect of such Third Party Agreements which is attributable to a period after the Commencement Date under the applicable Transaction Document, Certegy will promptly notify IBM of such refund, credit or rebate and will promptly pay to IBM the full amount of such refund, credit or rebate.

9.2. Monthly Charge

For each month of each Contract Year during the term under each Transaction Document, Certegy agrees to pay the Monthly Charge as specified in the Supplement and Schedules to such Transaction Document, together with the other amounts as described in this Section 9.

All periodic charges under each Transaction Document are to be computed on a calendar month basis, and will be prorated for any partial month, unless specifically stated otherwise in the Agreement (including the applicable Transaction Document).

On a monthly basis IBM will invoice Certegy the Monthly Charge under each Transaction Document for that month in advance, as specified in the Supplement and Schedules to each such Transaction Document. The invoices will separately state applicable taxes owed by Certegy by tax jurisdiction, and charges for other elements comprising the Monthly Charge as determined by the Parties pursuant to Section 9.5(b).

9.3. Additional Charges

Beginning at the end of the first full calendar quarter following the Transition Period under each Transaction Document and at the end of each calendar quarter thereafter during the term of each Transaction Document, Certegy and IBM will review the quantity of Resource Units utilized by Certegy during the preceding calendar quarter and calculate the net monthly Unplanned Resource Units utilized by Certegy during such quarter. Certegy and IBM will calculate the charges applicable to such net monthly Unplanned Resource Units for such quarter in accordance with

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the Schedule addressing charges under each Transaction Document, and Certegy will pay the amount of the result of such calculation in accordance with Section 9.7.

9.4. Cost of Living Adjustment

IBM will charge or credit Certegy a Cost of Living Adjustment (“COLA”) under each Transaction Document in accordance with the procedures set forth in Schedule J to each such Transaction Document beginning after the Commencement Date under each such Transaction Document, as set forth in such Schedule.

9.5. Taxes

- a) The disbursements described in Section 9.1, the Monthly Charges described in Section 9.2, the additional charges described in Section 9.3 and the COLA described in Section 9.4, paid by Certegy are inclusive of applicable sales, use, excise, personal property or other similar taxes attributable to the period on or after the Commencement Date under each Transaction Document based upon or measured by (i) IBM’s cost in acquiring or providing equipment, materials, supplies or third party services furnished to or used by IBM in providing and performing the Services, (ii) the value or cost of the IBM Machines and IBM Software; and (iii) all taxes payable by IBM with respect to its revenues, income and profit; provided, however, Certegy will be responsible for paying all personal property or use taxes due on or with respect to Certegy Provided Hardware, Certegy Software and Certegy Provided Office Furnishings. Each Party shall bear sole responsibility for all taxes, assessments and other real property-related levies on its owned or leased real property.
- b) The Parties agree to reasonably cooperate with each other in good faith to more accurately determine and reflect each Party’s tax liability and to minimize such liability to the extent legally permissible. Each Party shall provide and make available to the other any resale certificates and other exemption certificates or information reasonably requested by either Party. The Parties will also work together to segregate the Monthly Charges and other charges, reimbursements and amounts payable hereunder, into separate payment accounts charged under separate invoices, as appropriate, for Services and the components of the Services (i.e., components that are taxable and nontaxable, including those for which a sales, use or similar tax has already been paid by IBM and for which IBM functions merely as a paying agent for Certegy in receiving goods, supplies or services including licensing arrangements that otherwise are nontaxable or have previously been subjected to tax, components that are capitalized, and components that are expensed).
- c) Notwithstanding any other provision of the Agreement, if a services, value added or similar tax is assessed on IBM’s provision of the Services (or any New Services) to Certegy or on IBM’s charges to Certegy under the Agreement, Certegy will be responsible for and pay the amount of any such tax.

9.6. New Services

- a) The charges for New Services will be integrated into the Supplement and Schedules to the affected Transaction Document in accordance with Sections 3.12 and 17.2.
- b) If the Parties cannot agree either that a function, responsibility or task falls within the definition of a New Service. IBM shall nevertheless perform the disputed function, responsibility or task if requested by Certegy. The determination of whether any function, responsibility or task is a New Service will be determined pursuant to the dispute resolution provisions in Section 16. Certegy shall pay fifty percent (50%) of any charges for the disputed function, responsibility or task under this Section 9.6 to IBM and fifty percent (50%) of any charges for the disputed function, responsibility or task under this Section 9.6 shall be held by Certegy or paid into an interest bearing escrow account in accordance with Section 9.12, if requested by IBM, pending a resolution of the dispute in accordance with Section 16. Any payment to Certegy of any such disputed charge paid by Certegy to IBM and into escrow pursuant to this Section 9.6 after resolution of the applicable dispute, shall be paid from the amount in escrow with respect to such dispute and then by IBM. All amounts not in escrow and payable directly by either Party to the other Party upon resolution of the dispute with respect to which amounts are payable shall be paid promptly upon

resolution of the disputed charge together with interest at the rate of one percent (1%) per month from the date that the payment was originally due to IBM from Certegy under the Agreement through the date of payment by IBM to Certegy.

9.7. Invoice Payment

At its election, Certegy will pay each invoice for charges under the Agreement either by wire funds transfer or other electronic means acceptable to IBM to an account specified by IBM or by bank check, within the calendar month in which such invoice is received by Certegy, provided Certegy receives such invoice on or before the tenth (10th) day of such month; otherwise such payment shall be made within thirty (30) days after the date of Certegy's receipt of the invoice. In the event that any invoice payment is not received by IBM within ten (10) business days following the date specified for such payment herein, a late payment fee of one percent (1%) per month, or the maximum amount permissible by law, whichever is less, of the unpaid, late invoice payment will be due and payable by Certegy to IBM from the date such payment became overdue through the date of payment to IBM.

No invoice for charges for any of the Services shall be delivered to Certegy until after the Services which are the subject of such invoice have been provided to the Certegy Group; provided, however, any Services that are expressly stated in the Agreement as prepaid or paid in advance shall be excluded from the limitation of this sentence to the extent, but only to the extent, expressly set forth in the Agreement.

9.8. REDACTED ***

9.9. Service Credits

If IBM fails to provide the Services in accordance with the Minimum Service Levels set forth in any Transaction Document, IBM shall incur the charges set forth in a Schedule to such Transaction Document (each, a "Service Credit"; collectively, the "Service Credits") against the amounts owed to IBM for the second month following the month in which the Service Credits were incurred. The Parties agree that the Service Credits are a fair estimate of the damages that the Certegy Group will incur for each event for which a Service Credit is granted in the Agreement, that the actual damages incurred by the Certegy Group in each such event would be difficult and costly to determine, and that the Service Credits are liquidated damages awarded in lieu of actual damages incurred by the Certegy Group. The Parties agree that the Service Credits are not penalties and are the sole and exclusive remedy of Certegy with respect to the incident or event with respect to which such Service Credits are paid or credited by IBM to Certegy subject to and as limited by the provisions of Sections 12 and 13.

9.10. Other Credits

Except as otherwise set forth in the Agreement, with respect to any amount to be paid or reimbursed to Certegy by IBM at the time any such amount is due and payable to Certegy. IBM may pay that amount to Certegy by applying a credit for the month such amount is due and payable against the charges otherwise payable to IBM under the Agreement, at IBM's option. Notwithstanding the foregoing, if the amount to be so paid or reimbursed by IBM in any specific month, exceeds the charges to Certegy for such month, IBM shall promptly pay any difference to Certegy by check or wire transfer during such month. If IBM fails to pay any amount due and payable to Certegy or fails to apply a credit during the month such amount is due and payable, IBM shall pay or credit such amount together with interest thereon payable at a rate of one percent (1%) per month, or the maximum amount permissible by law, whichever is less, of the unpaid, late monies will be due and payable by IBM to Certegy from the date such monies became due to Certegy through the date of payment or credit to Certegy.

*** CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

9.11. REDACTED ***

9.12. Disputed Charges/Credits

In the event Certegy disputes the accuracy or applicability of a charge or credit or other financial arrangement described in the Agreement (i.e., Monthly Charge, Unplanned Resource Units, COLA, Service Credits, pass through billings, etc.), Certegy shall notify IBM of such dispute as soon as practicable after the discrepancy has been discovered. The Parties will investigate and resolve the dispute using the dispute resolution processes provided under Section 16 of the Agreement. Any undisputed amounts contained in or applicable to an invoice will be paid by Certegy and any undisputed credit amounts will be promptly credited by IBM. Upon request of either Party, Certegy in the case of a disputed charge, or IBM in the case of a disputed credit, shall place the disputed amount in an interest bearing escrow account established for the benefit of the Parties, until such dispute is resolved. Upon resolution of the dispute, the Parties shall be paid any interest having accrued on the disputed amounts held in the escrow account in connection with such dispute in proportion to the amount received by each Party with respect to such dispute, and the Parties shall each pay a portion of the escrow fees attributable to the disputed amount in an inverse proportion to the percentage of the disputed amount paid to each Party. Unpaid and uncredited monies that are in dispute and placed in escrow will not be considered a basis for monetary default under the Agreement.

9.13. Reduction of Certegy Work

- a) If, during the Term, Certegy experiences significant changes in the scope or nature of its business which have or are reasonably expected to have the effect of causing a substantive and sustained decrease in the amount of IBM resources used in performing the Services, provided such decreases are not due to Certegy resuming the provision of such Services by itself or Certegy transferring the provision of such Services to another vendor, such changes shall be governed by this Section 9.13. Examples of the kinds of events that might cause such substantial decreases are:
 - 1) changes in Certegy's products or markets;
 - 2) mergers, acquisitions or divestitures; or
 - 3) changes in market priorities.
- b) Certegy will notify IBM of any event or discrete set of events which Certegy believes qualifies under this Section 9.13, and IBM will identify in a plan that will be submitted to Certegy for review and acceptance, any changes that can be made to accommodate such decrease of resource requirements in a cost-effective manner without disruption to Certegy's ongoing operations, and the cost savings that will result therefrom.
- c) Upon acceptance by Certegy, IBM will make any applicable adjustments to the Annual Service Charge and the related Baselines to reflect the foregoing and distribute an amended Supplement to the Parties.
- d) Certegy may, at its option and expense, employ an accredited and independent auditor to verify IBM's methodology for calculating the savings referenced above conforms to accepted accounting practices.

10. INTELLECTUAL PROPERTY RIGHTS

IBM, the members of the Certegy Group and their respective contractors and subcontractors may develop, create, modify or personalize (collectively, "Develop") certain computer programming code, including source and object code ("Code") and other Materials in order to perform the Services. The provisions of this Section 10 set forth the respective rights of Certegy and IBM in such Code and other Materials. This Section 10 does not apply to development, modification, creation, or personalization of templates for commercially available IBM products (for

*** CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

example, Lotus Notes templates). To the extent that Services under any Transaction Document include the development, modification, creation or personalization of such templates, rights with respect to such templates will be set forth in the applicable Transaction Document or applicable Schedule(s).

10.1. Ownership of Materials

With respect to any Materials whether Developed solely by IBM or its subcontractors, or jointly by the Certegy Group personnel or their subcontractors and IBM or its subcontractors, ownership will be as follows:

- a) Certegy Code, Certegy Derivative Code and Certegy Works shall be owned by Certegy or another member of the Certegy Group, as applicable. During the Term, IBM shall have an irrevocable, nonexclusive, worldwide, paid-up license to use, execute, reproduce, display, perform, operate, distribute, modify, develop, personalize and create Derivative Works from such Materials internally, and the right to sublicense third parties to do any of the foregoing, for the sole purpose of performing the Services.
- b) IBM Code, IBM Derivative Code, IBM Works and IBM Interfaces shall be owned by IBM. During the Term, the Certegy Group shall have an irrevocable, nonexclusive, worldwide, paid-up license to use in the Certegy Business, execute, operate, reproduce, display, perform, distribute, modify, develop, personalize and create Derivative Works from, such Materials internally, and the right to sublicense third parties to do any of the foregoing for the Certegy Group.
- c) With respect to any Materials whether or not Developed under the Agreement, which are or have been Developed solely by the Certegy Group personnel and/or their contractors, such Materials shall be owned by Certegy. IBM shall have an irrevocable, nonexclusive, worldwide, paid-up license to use, execute, operate, reproduce, display, perform, distribute, modify, Develop, personalize and create Derivative Works from such Materials internally and the right to sublicense third parties to do any of the foregoing, to the extent necessary and for the sole purpose of performing the Services during the Term.
- d) Any ownership or license rights herein granted to either Party or another member of the Certegy Group or any other Authorized Users are limited by and subject to any patents and copyrights held by, and terms and conditions of any license agreements with, applicable Third Party Providers.
- e) To the extent that by operation of law any of the Materials may not be owned by IBM or the Certegy Group to which ownership has been allocated under this Section 10, each Party agrees to promptly assign, or cause to be assigned, and take such actions and execute and deliver such documents as shall be necessary or appropriate to effect such assignment without further consideration. Each Party hereby assigns, without further consideration, the ownership of all right, title and interest in all U.S. and foreign copyrights, and mask work rights (if any) in the Materials to the other Party as set forth in this Section 10. Such assignee shall have the right to obtain and hold in its own name or transfer patents and copyrights, applications, registrations, renewals and all other rights relating or pertinent thereto.

10.2. Obligations Regarding Materials

- a) The Parties agree to reproduce copyright legends which appear on any portion of the Materials which may be owned by the Parties and any and all third parties.
- b) Except as set forth in Section 11, the Agreement shall not preclude either Party from Developing materials or providing services which are competitive to the Materials or Services which might be delivered pursuant to the Agreement, except to the extent any of same may infringe any of the other Party's patent rights, copyrights, trade secrets or mask work rights.
- c) Neither the Agreement nor any disclosure made hereunder grants any license to either Party under any patents rights, copyrights, mask work rights or trade secrets of the other Party, except for the licenses expressly granted under this Section 10 and Section 12.6 hereof.

- d) Each Party and their respective Affiliates shall have the right to develop commercialize, use, publish and distribute materials and/or intellectual property which may be substantially similar to the Materials (including, without limitation, computer programs and other copyrighted works) for their own use, for third parties or for other purposes provided that such activities are effected without breach of their obligations under the Agreement and do not infringe the intellectual property rights of the other Party and/or its Affiliates.

11. CONFIDENTIALITY/DATA SECURITY

11.1. Confidential Information

IBM and Certegy each acknowledge that the other Party and/or its Affiliates possesses and will continue to possess information, which has commercial value in such other Party's and/or its Affiliates' business and is not in the public domain. Such information has been created, discovered, developed by such other Party and its Affiliates or provided to it by a third party, and such other Party and/or its Affiliates holds property rights in such information by assignment, license or otherwise. "Confidential Information" means with respect to a Party, any and all proprietary business information of the disclosing Party and/or its Affiliates and/or of third parties in the possession of the disclosing Party and its Affiliates treated as secret by the disclosing Party and its Affiliates (that is, it is the subject of efforts by the disclosing Party and/or its Affiliates that are reasonable under the circumstances to maintain its secrecy) that does not constitute a Trade Secret (defined below), including, without limitation, the terms of the Agreement, and any and all proprietary information in the possession of such disclosing Party and/or its Affiliates of which the receiving Party and/or its Affiliates become aware as a result of its access to and presence at the other Party's and/or its Affiliates' facilities. "Trade Secrets" mean with respect to a Party, information related to the services and/or business of the disclosing Party and/or its Affiliates and/or of a third party which (a) derives economic value, actual or potential, from not being generally known to or readily ascertainable by other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts by the disclosing Party and/or its Affiliates that are reasonable under the circumstances to maintain its secrecy, including without limitation (i) marking any information reduced to tangible form clearly and conspicuously with a legend identifying its confidential or proprietary nature; (ii) identifying any oral presentation or communication as confidential immediately before, during or after such oral presentation or communication; or (iii) otherwise, treating such information as confidential or secret. Assuming the criteria in sections (a) and (b) above are met, Trade Secrets include, but are not limited to, technical and nontechnical data, formulas, patterns, compilations, computer programs and software, devices, drawings, processes, methods, techniques, designs, programs, financial plans, product plans, and lists of actual or potential customers and suppliers. "Company Information" means collectively the Confidential Information and Trade Secrets. Company Information also includes information which has been disclosed to either Party and/or its Affiliates by a third party which such Party and/or its Affiliates is obligated to treat as confidential or secret.

11.2. Obligations

- a) Certegy and IBM will each refrain from disclosing, will hold as confidential, and will use the same level of care to prevent disclosure to third parties and to hold confidential, the Company Information of the other Party as it employs to avoid disclosure, publication or dissemination of its own information of a similar nature but in no event less than a reasonable standard of care. Notwithstanding the foregoing, the Parties and their Affiliates to which a Transaction Document is assigned may disclose Company Information in the case of Certegy and its Affiliates which accept assignment of a Transaction Document, to members of the Certegy Group or to companies divested by the Certegy Group that elect to receive services hereunder as an Authorized User, and in the case of both Parties and their Affiliates, which accept assignment of a Transaction Document, to companies divested by the Certegy Group that elect to receive services hereunder as an Authorized User or to authorized contractors and subcontractors involved in providing and using the Services under the Agreement where: (i) such disclosure is necessary to permit the members of the Certegy Group or any divested companies of the Certegy Group that receive services hereunder as an Authorized User, or any authorized contractor or subcontractor to perform its duties hereunder or use the Services; (ii) members of the Certegy Group and such divested companies of the Certegy Group that elect to receive services hereunder or any authorized contractor or subcontractor agree in writing to observe the confidentiality and restricted use and disclosure covenants and standards of care set forth in this Section 11

and IBM and Certegy are each third party beneficiaries for all purposes; and (iii) IBM in the case of Certegy Company Information received by IBM and/or its Affiliates and disclosed by them as permitted herein or Certegy in the case of IBM Company Information received by Certegy and/or its Affiliates and disclosed by them as permitted herein, assumes full responsibility for the acts or omissions of its Affiliates, contractors and subcontractors or, in the case of Certegy, its divested companies receiving services hereunder as an Authorized User, no less than if the acts or omissions were those of IBM and Certegy respectively.

- b) Neither Certegy nor IBM shall use the Company Information of the other Party except in the case of IBM and its Affiliates and subcontractors, (i) in connection with the performance of the Services and (ii) as otherwise specifically permitted in the Agreement, and in the case of Certegy, its contractors and other members of the Certegy Group, (A) as specifically permitted in the Agreement and (B) in connection with the use of the Services. IBM shall be responsible to ensure that its Affiliates and subcontractors comply with this Section 11.2(b) and Certegy shall be responsible to ensure that the members of the Certegy Group and its contractors comply with this Section 11.2(b).
- c) Without limiting the generality of the foregoing, neither Party nor their Affiliates will publicly disclose the terms of the Agreement, except to the extent permitted by this Section 11 and to enforce the terms of the Agreement, without the prior written consent of the other. Furthermore, neither IBM nor Certegy nor their Affiliates will make any use of the Company Information of the other Party and its Affiliates except as contemplated by the Agreement; acquire any right in or assert any lien against the other Party's Company Information except as contemplated by the Agreement; or refuse to promptly return, provide a copy of or destroy such Company Information upon the request of the disclosing Party.
- d) Notwithstanding any other provision of the Agreement, neither Party will be restricted in using, in connection with its business operations, any data processing or network management ideas, concepts, know-how and techniques which are retained in the minds of employees who have had access to the other Party's Company Information.

11.3. Exclusions

Notwithstanding the foregoing, this Section 11 will not apply to any information which IBM or Certegy can demonstrate was: (a) at the time of disclosure to it, in the public domain; (b) after disclosure to it, published or otherwise becomes part of the public domain through no fault of the receiving party; (c) without a breach of duty owed to the disclosing party, is in the possession of the receiving party at the time of disclosure to it; (d) received after disclosure to it from a third party who had a lawful right to and, without a breach of duty owed to the disclosing party, did disclose such information to it; or (e) independently developed by the receiving party without reference to Company Information of the disclosing party. Further, either Party may disclose the other Party's Company Information to the extent required by law or order of a court or governmental agency. However, the recipient of such Company Information must give the other Party prompt notice and make a reasonable effort to obtain a protective order or otherwise protect the confidentiality of such information, all at the discloser's cost and expense. It is understood that the receipt of Company Information under the Agreement will not limit or restrict assignment or reassignment of employees of IBM and its Affiliates and the Certegy Group within or between the respective Parties and their Affiliates.

11.4. Loss of Company Information

The receiving Party will immediately notify the disclosing Party, orally or in writing in the event of any disclosure, loss, or use in violation of the Agreement of a disclosing Party's Company Information known to the receiving Party.

11.5. Limitation

The covenants of confidentiality set forth herein (a) will apply after the Effective Date to any Company Information disclosed to the receiving Party before and after the Effective Date and (b) will continue and must be maintained

from the Effective Date through the termination of the relationship between the Parties and (i) with respect to Trade Secrets, until the earlier of ten (10) years after termination of the Agreement or until such Trade Secrets no longer qualify as trade secrets under applicable law; and (ii) with respect to Confidential Information for a period equal to the shorter of two (2) years after termination of the Parties' relationship under the Agreement, or until such Confidential Information no longer qualifies as confidential under applicable law. Neither Party will be responsible for the security of the Company Information of the other Party during transmission via public communications facilities or for the loss of or damage to such information during transmission, except to the extent that such breach of security or loss or damage is caused by the failure of such Party to perform its obligations under the Agreement, including exercising the standard of care set forth in Section 11.2(a).

11.6. Data

All of Certegy's Company Information (including, without limitation, data, records and reports related to the Certegy Group, the Certegy Business and the Services) is represented by Certegy to be the exclusive property of Certegy, and/or its Affiliates or the property of third parties licensed to Certegy and/or its Affiliates, and the furnishing of such information, data, records and reports to, or access to such items by, IBM and/or its Affiliates and/or subcontractors will not grant any express or implied license to or interest in IBM and/or its Affiliates and/or subcontractors relating to such information, data, records and reports except as required to perform the Services pursuant to the Agreement. Unless specifically provided otherwise in a Transaction Document, IBM shall have no responsibility with respect to compliance with laws or regulations applicable to the storage, maintenance, and distribution of Certegy Company Information to the extent that any such activity by IBM is performed or implemented in accordance with Certegy's instruction or direction. Upon request by Certegy at any time and from time to time and without regard to the default status of the Parties under the Agreement, IBM and/or its Affiliates and/or subcontractors shall promptly deliver to Certegy Certegy's Company Information (including without limitation all data, records and related reports regarding the Certegy Group, the Certegy Business and the Services) in electronic (tape) format and in such hard copy as existing on the date of the request by Certegy.

12. TERMINATION

12.1. Termination By Certegy

Certegy may terminate any individual Transaction Document for the following reasons:

- a) A material breach of such Transaction Document by IBM and/or its Affiliates that remains uncured for ten (10) days after receipt of written notice thereof; provided, however, if a material breach of such Transaction Document by IBM and/or its Affiliates (other than a breach of Section 11 hereof) occurs that by its nature cannot be cured by IBM in such ten (10) day period but IBM submits a commercially reasonable written plan to Certegy within such period to cure such breach after the ten (10) day period (but in no event more than forty five (45) days after such notice of breach), the cure period for such breach shall be extended to the date set forth in the plan; or
- b) There exists a series of non-material or persistent breaches by IBM and/or its Affiliates that in the aggregate have a material and significant adverse impact (i) on the Services support of the administrative, management, planning, financial reporting or operations functions of the Certegy Group or the portion of the Certegy Group constituting the user group under such Transaction Document, or (ii) on the management of the Services or the portion of the Services covered by such Transaction Document; or
- c) For convenience upon one hundred eighty (180) days prior notice by Certegy to IBM; or
- d) In the event of a Change of Control of IBM or Certegy, upon one hundred eighty (180) days prior notice by Certegy to IBM, which notice must be given within 180 days after the Change of Control; or
- e) IBM and/or its Affiliate that has accepted assignment of such Transaction Document becomes insolvent or is unable to pay its debts or enters into or files (or has filed or commenced against it) a petition, arrangement, application, action or other proceeding seeking relief or protection under the bankruptcy laws

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of the United States or any similar laws of the United States or any state of the United States or any other country or transfers all or substantially all of its assets to another person or entity; or

- f) IBM and/or its Affiliate that has accepted assignment of such Transaction Document incurs Direct Damages to Certegy in excess of the IBM Direct Damages Cap under the circumstances and resulting from the events described in Section 13.1(a)(i); or
- g) Under the circumstances set forth in Section 17.3.

12.2. Termination by IBM

IBM may terminate any Transaction Document for a material default by Certegy that remains uncured for a period of sixty (60) days after written notice thereof to Certegy from IBM.

12.3. Termination Charges

- a) In the event of a termination by Certegy pursuant to Sections 12.1(c) for convenience or (d) for Change of Control. Certegy shall pay IBM the applicable Termination Charge, and Wind-Down Expenses. In the event of a termination by Certegy pursuant to Section 17.3 for a Force Majeure Event, Certegy shall pay IBM the amounts set forth in Section 17.3(c)(ii), but will not be responsible for Termination Charges or Wind-Down Expenses. In the event of a termination by Certegy pursuant to Sections 12.1(a) for cause or (b) for persistent breaches or (e) for Bankruptcy or (f) for exceeding the IBM Direct Damages Cap or Section 3.3 for failing to provide disaster recovery services, Certegy shall not be responsible for the payment of the applicable Termination Charge or Wind-Down Expenses. In the instance of a termination by Certegy pursuant to Section 12.1(b) for persistent non-material breaches. Certegy may not recover any damages from IBM for the defaults and breaches by IBM giving rise to the termination; provided that nothing in this sentence shall preclude any recovery by Certegy pursuant to Section 8.4(b), Section 9, Section 10, Section 11, Section 12, Section 13, Section 14, Section 15, or Section 17.3.
- b) Except as set forth in Section 12.3(a), Certegy shall not be obligated to pay any charges that would otherwise accrue and be payable by Certegy pursuant to the Agreement or any Transaction Document after the effective date of the expiration or termination of the Agreement or any such Transaction Document.

12.4. [Reserved]

12.5. Services Transfer Assistance

- a) The Parties agree that IBM will cooperate with the Certegy Group to assist in the orderly transfer of the services, functions, responsibilities, tasks and operations comprising the Services under each Transaction Document provided by IBM and its Affiliates hereunder to one or more members of the Certegy Group itself or another services provider in connection with the expiration or earlier termination of the Agreement and/or each Transaction Document for any reason, however described. Neither the Term of the Agreement nor any Transaction Document shall be deemed to have expired or terminated until the Services Transfer Assistance thereunder is completed. Upon Certegy's request IBM or its Affiliate shall provide transfer assistance in connection with migrating the work of the Certegy Group to the Certegy Group itself or another services provider ("Services Transfer Assistance") commencing up to one (1) year prior to expiration or upon any notice of termination, or of non-renewal of the Agreement or any Transaction Document. In the event Certegy shall repeatedly fail to pay any amounts when due and payable under the Agreement within two (2) years of the start of Services Transfer Assistance, with or without an attendant termination for cause by IBM, IBM shall not be required to provide Services Transfer Assistance unless Certegy prepays the applicable Monthly Charges for the entire duration of Services Transfer Assistance, if any, applicable to the Transaction Document(s) being terminated and a reasonable projection of other charges due under such Transaction Documents for the entire period Certegy requests Services Transfer Assistance. In no event will Certegy's holding of or escrow of monies in compliance with Section 9.12 be considered a failure by Certegy to pay amounts due and payable hereunder. Further, IBM shall provide the

Services Transfer Assistance in accordance with this Section 12.5 even in the event of Certegy's material breach (other than an uncured payment default) with or without an attendant termination for cause by IBM, if Certegy prepays a reasonable projection of the other charges due under the Transaction Document(s) being terminated (other than the Monthly Charge which shall be paid monthly as provided in the Supplement) for the Services Transfer Assistance for the entire period Certegy desires IBM to provide such services to the Certegy Group or its designees. Services Transfer Assistance shall be provided through the effective date of the expiration or termination of the Services under the Transaction Documents being terminated, and upon request by Certegy, the effective date of such expiration or termination shall be extended for up to one (1) year thereafter pursuant to the terms and conditions of the Agreement and applicable Transaction Document(s) and such period shall be considered an extension of the Term and the term of such Transaction Documents, however any such extension shall not affect the payment date or amount of any applicable Termination Charges, which Termination Charges shall be due and payable as of the initially noticed effective date of termination. Services Transfer Assistance shall include, but not be limited to, providing the Certegy Group and their respective agents, contractors and consultants, as necessary, with services described in a Schedule to each Transaction Document.

- b) If any Services Transfer Assistance provided by IBM requires the utilization of additional resources that IBM would not otherwise use in the performance of the Agreement and applicable Transaction Documents but for which there is a current Resource Unit Baseline. Certegy will pay IBM for such usage at the then-current applicable Transaction Document(s) charges and in the manner set forth in the applicable Transaction Document(s). If the Services Transfer Assistance requires IBM to incur costs that IBM would not otherwise incur in the performance of the Services under the Agreement and applicable Transaction Document(s), then IBM shall notify Certegy of the identity and scope of the activities requiring that IBM incur such costs and the projected amount of the charges that will be payable by Certegy for the performance of such assistance. Upon Certegy's authorization, IBM shall perform the assistance and invoice Certegy for such charges. Within thirty (30) business days after the date of the invoice, Certegy shall pay IBM for authorized, additional charges incurred to provide such assistance to Certegy.
- c) If Certegy exercises its option to prepay the Monthly Charges and other charges reasonably projected by IBM for Services Transfer Assistance with regard to any Transaction Document and it is determined that such prepayment is in excess of the actual charges associated with the Services Transfer Assistance, then IBM shall apply such overpayment to monies otherwise due IBM or, if no monies are due IBM, promptly refund such overpayment to Certegy at the end of such Services Transfer Assistance. Conversely, if the amount prepaid by Certegy to IBM for Services Transfer Assistance with regard to any Transaction Document does not fully reimburse IBM for the actual Monthly Charges due and costs incurred by IBM and chargeable to Certegy hereunder for the provision of Services Transfer Assistance to Certegy, then IBM shall invoice Certegy and Certegy shall promptly pay IBM for such additional amounts as incurred and invoiced to Certegy.

12.6. Other Rights Upon Termination

At the expiration or earlier termination of the Agreement and/or any Transaction Document for any reason, however described, IBM agrees in each such instance, as applicable:

- 1) Upon Certegy's request, IBM agrees to sell to Certegy or its designee for the fair market value thereof, the IBM Machines owned by IBM then currently being used by IBM primarily to perform the Services or the portion of the Services covered by the Transaction Document, as applicable. In the case of IBM Machines that IBM is leasing and using primarily to perform the Services, IBM agrees to permit Certegy or its designee to either buy-out the lease on the IBM Machines and purchase the IBM Machines from the lessor or assume the lease(s) and secure the release of IBM thereon, subject to the terms of the applicable lease. Certegy shall be responsible for any sales, use or similar taxes associated with such purchase of such IBM Machines or the assumption of such leases.
- b) IBM will grant to the members of the Certegy Group and their Affiliates an irrevocable, nonexclusive, worldwide, perpetual, paid-up source and object code license to use, execute, operate, reproduce, display,

perform, distribute, modify, Develop and personalize, and create Derivative Works from, the IBM Derivative Code, IBM Code, IBM Works and IBM Interfaces as a part of and in connection with the Certegy Business, and the right to sublicense third parties to do any of the foregoing for the members of the Certegy Group. Except as specifically set forth in this Section 12.6(b), nothing in this Section 12.6(b) grants Certegy any license to any materials from which IBM Derivative Code or IBM Works are derived.

- c) IBM will provide to the Certegy Group a source code and an object code license for IBM Software proprietary to IBM and not otherwise owned by or licensed to Certegy in accordance with Section 12.6(b) and not generally commercially available for use by the Certegy Group as a part of and in connection with the Certegy Business, upon terms and prices to be mutually agreed upon by the Parties (which prices shall not be greater than those then offered to other customers of IBM as described in Section 9.11 or, in the case where no such customers exist, other third parties). At Certegy's option, IBM will recommend a mutually agreeable commercially available substitute, if available, to perform the same function.
- d) Subject to Section 12.6(e), if IBM has licensed or purchased and is using any generally commercially available Software to provide the Services to the Certegy Group at the date of expiration or termination of the Agreement or any Transaction Document, Certegy may elect to take a transfer or an assignment of the license for such software (and any attendant maintenance agreement), subject to the terms of such license, and reimburse IBM for the initial license or purchase charges for such IBM Software in an amount equal to the remaining unamortized cost of such Software, if any, depreciated over a five (5) year life. Certegy shall also pay any transfer fee or charge imposed by the applicable vendor and not the obligation of IBM hereunder, and subject to Certegy's acceptance of any applicable vendor terms and conditions, such licensed Software shall be transferred or assigned to Certegy.
- e) If IBM has licensed or purchased and is using any generally commercially available Software to provide the Services to the Certegy Group and other IBM customers in a shared environment at the date of expiration or termination of the Agreement or any Transaction Document, IBM, upon request by Certegy, will assist Certegy in obtaining licenses for such Software (and any attendant maintenance agreement) subject to Certegy's payment of any license fee and other charge imposed by the applicable vendor.
- f) IBM will use commercially reasonable efforts to negotiate license arrangements with third parties that will minimize the amount of license and maintenance agreement transfer and assignment fees to be paid by Certegy. Certegy may participate in the negotiation of such license and maintenance agreement arrangements. IBM shall provide reasonable advance written notice to Certegy of such anticipated negotiations.
- g) Upon the date of expiration or termination of the Agreement or any Transaction Document for any reason, the Certegy Group shall have the right to make offers of employment to any or all IBM employees performing Services on a substantially full time basis for the Certegy Group hereunder or under such Transaction Document, as applicable ("Service Employees"). Promptly after either Party provides the other Party written notice of termination or expiration with the prior consent of each Services Employee (each of whom IBM will notify of Certegy's interest), IBM agrees, subject to the agreement of the Service Employees, to supply Certegy with the names and resumes requested by Certegy for the purpose of exercising its rights under this Section 12.6, at no charge. Certegy's rights under this Section 12.6 will take precedence over any IBM/employee employment contract or covenant that may otherwise limit an employee's right to accept employment with the Certegy Group.
- h) Upon Certegy's request, IBM will transfer or assign to Certegy or its designee, on mutually acceptable terms and conditions, any Third Party Agreements not otherwise treated in this Section 12.6, applicable solely to services being provided to Certegy, including, without limitation, Third Party Agreements for maintenance, Disaster Recovery Services and other necessary third party services then being used by IBM to perform the Services subject to the payment by Certegy of any transfer fee or charge imposed by the applicable vendors.

12.7. Effect of Termination/Survival of Selected Provisions

Notwithstanding the expiration or earlier termination of the Services or the Agreement or any Transaction Document for any reason however described, the following Sections of the Agreement shall survive any such expiration or termination: Section 8.4(b), Section 10, Section 11, Section 12.5, Section 12.6, Section 12.7, Section 13, Section 14, Section 15, Section 16.1 and Section 17.

13. LIABILITY

13.1. Liability Caps

- a) Except as provided in Section 13.2, the liability of IBM and its Affiliates to Certegy and its Affiliates under each Transaction Document arising out of or resulting from the performance or non-performance of IBM and/or its Affiliates and/or subcontractors of the Services and its obligations under such Transaction Document shall be limited in the aggregate for all claims, causes of action or occurrences:
- 1) to Direct Damages incurred by Certegy and its Affiliates equal to the charges paid by Certegy for the Services set forth in the supplement to such Transaction Document during the twelve (12) calendar months immediately prior to the first event which is the subject of the first claim or if twelve (12) months have not elapsed in the term of such Transaction Document at the time of the first such event, the charges to Certegy for the Services set forth in such Supplement during the first twelve (12) months of the term of such Transaction Document (“IBM Direct Damages Cap”); and
 - 2) in the event Certegy claims Direct Damages for event(s) which are the subject matter of claim(s) or cause(s) of action which are the basis for and result in Certegy’s termination of the Agreement or any Transaction Document pursuant to Section 12.1(a) for cause or (e) for Bankruptcy, and the IBM Direct Damages Cap operates to preclude Certegy’s recovery of its full amount of Transition Cover Costs, then Certegy shall be entitled to recover an additional amount from IBM, not to exceed fifty percent (50%) of the Direct Damages Cap, which amount shall be applied only toward such unrecovered Transition Cover Costs.
- b) Except as provided in Section 13.2, the liability of Certegy to IBM arising out of or resulting from the performance and non-performance of its obligations under each Transaction Document shall be limited in all cases to Direct Damages which in the aggregate shall not exceed the amounts payable by Certegy upon a termination of such Transaction Document for convenience under Section 12.3(a) (the “Certegy Direct Damages Cap”). The IBM Direct Damages Cap and the Certegy Direct Damages Cap are herein collectively called the “Direct Damages Caps”.

13.2. Exclusions

The provisions of Section 13.1 will not apply to (a) failure to pay amounts that are due and payable under the Transaction Documents, including but not limited to Monthly Charges, charges for New Services, Termination Charges, Wind-Down Expenses, accrual and distribution of disputed amounts and interest under Section 9.12 and amounts payable under Section 17.3(c)(ii); (b) the indemnification obligations of the Parties pursuant to Section 14; (c) Losses arising from a violation of the confidentiality provisions of Section 11; (d) amounts to be paid or credited to Certegy as Service Credits; (e) amounts payable by IBM under the force majeure provisions of Section 17.3(c)(i) of the Agreement; and (f) amounts payable to Certegy under Section 9.10 (Other Credits).

13.3. Direct Damages and Cover Charges

Unless specifically provided to the contrary in the Agreement, neither party shall have any liability whether based on contract, tort (including without limitation, negligence), warranty, guarantee or any other legal or equitable grounds to the other party for any damages other than Direct Damages.

- a) “Direct Damages” mean actual, direct damages incurred by the claiming Party which include, by way of example but without limitation, (i) the costs to correct any deficiencies in the Services rendered by IBM, (ii) the difference in the amounts to be paid to IBM hereunder and the charges to be paid to another service or product provider to provide, and/or the costs incurred by Certegy and/or its Affiliates to perform, all or a portion of the Services during any period or periods that IBM and/or its Affiliates are failing to provide, or are deficient in their performance of, the Services, (iii) the Service Credits, (iv) Transition Cover Costs, and (v) similar damages, but “Direct Damages” shall not include (A) loss of interest, profit or revenue of the claiming Party or (B) incidental, consequential, special or indirect damages suffered by the claiming Party (except as the damages described in (A) and (B) are included as a part of the Termination Charge and the Service Credits or as otherwise provided for in the Agreement) and shall not include punitive or exemplary damages suffered by the claiming Party arising from or related to the Agreement, even if such Party has been advised of the possibility of such losses or damages.
- b) “Transition Cover Costs” means all costs and expenses incurred by the Certegy Group to transition to another provider of information management and communications services, and/or take in-house, some or all of such functions, responsibilities, tasks and activities comprising the portion of the Services provided under a terminated Transaction Document, after commercially reasonable efforts to mitigate such costs and expenses.

13.4. Dependencies

In no event will IBM or its subcontractors be liable for any damages if and to the extent caused by Certegy’s or its Affiliates’ or its subcontractors’ failure to perform its responsibilities hereunder provided, however, for the purposes of this Section 13.4, neither IBM nor its Affiliates nor the Third Party Providers shall be considered a subcontractor of Certegy. Neither Certegy nor its Affiliates or subcontractors shall be liable for any damages if and to the extent caused by any failure to perform by IBM or its Affiliates or subcontractors.

13.5. Remedies

At its option, Certegy may seek all remedies available to it under law and in equity or recover as liquidated damages the Service Credits, subject to the limitations and provisions specified in this Section 13. If IBM’s provision of the Services is such that IBM would otherwise owe Certegy a Service Credit and Certegy elects to recover Service Credits, Certegy’s recovery of Service Credits shall constitute acknowledgment by Certegy of full satisfaction and release of any claim by Certegy that IBM has breached its obligations under the Agreement with respect to any such event(s) giving rise to the Service Credits. However, within three (3) calendar months of the receipt of any Service Credits Certegy received with respect to any action or inaction by IBM upon which Certegy is basing termination for cause under Section 12.1(a) or termination for persistent breaches under Section 12.1(b), Certegy may return, such Service Credits and pursue a damage claim against IBM, if any such claim exists.

14. INDEMNITIES

14.1. Indemnity by IBM

IBM will indemnify and hold each member of the Certegy Group and their respective officers, directors, employees, agents, successors, contractors and assigns (each an “Indemnitee”) harmless from and against any and all Losses incurred by any of them arising from or in connection with:

- a) any Claims of infringement of any patent or any copyright, trademark, service mark, trade name, trade secret, or similar property right conferred by contract or by common law or by any law of any country, including without limitation, the United States, and any other applicable jurisdiction or any state, alleged to have been incurred because of or arising out of any aspect of the Services (including without limitation any information technology, information management and communications services, equipment, software or other resources) provided by IBM and/or its Affiliates or subcontractors in its performance of the Services; provided, however, IBM will have no obligation with respect to any Losses to the extent arising from or in connection with Claims for copyright infringement and/or breach of software licenses related to the

Services committed by an Indemnitee or any employee of an Indemnitee that is not the result of IBM and/or its Affiliates or subcontractors failing to perform its obligations under the Agreement including, without limitation, obtaining any Required Consent for which it has responsibility; and provided, further, that IBM will have no obligation with respect to any Losses to the extent arising out of or in connection with an Indemnitee's modification of a program or a machine provided by IBM and/or its Affiliates or subcontractors, or an Indemnitee's combination, operation or use of the services, equipment, software or other resources provided by IBM and/or its Affiliates or subcontractors with devices, data, programs or other resources not furnished by, through or at the specification of IBM or its Affiliates or subcontractors, or an Indemnitee's use of equipment or software provided by IBM and/or its Affiliates to such Indemnitee under a Transaction Document in a country or countries other than those countries specifically designated in the Transaction Document or a written notice to Certegy from IBM,

- b) any Claims, however described (including without limitation, failure to obtain Required Consents or arising from IBM's exercise of its rights to terminate, modify or change the Third Party Agreements pursuant to Section 8.3(a)), accruing during the term of a Transaction Document (that is, not arising or resulting from a breach by the Certegy Group before such effective date or after the termination date of such Transaction Document) regarding any Third Party Agreement covered by such Transaction Document; provided, however, IBM will have no obligation with respect to any Losses to the extent arising out of or in connection with Claims for copyright infringement and/or breach of software licenses related to the Services (i) committed by any Indemnitee or any employee of an Indemnitee that is not the result of IBM and/or its Affiliates or subcontractors failing to perform its obligations under such Transaction Document including, without limitation, obtaining any Required Consent for which it has responsibility or (ii) to the extent arising out of or result from Certegy failing to perform its obligations under the Agreement including obtaining any Required Consent for which it has responsibility;
- c) any Claims for personal injuries, death or damage to tangible personal or real property of third parties including employees of IBM, its Affiliates, contractors and subcontractors caused by the negligence or willful misconduct of IBM, its employees, Affiliates, contractors or subcontractors; provided that IBM will have no obligation under this part, to the extent the same arise out of or in connection with the negligence or willful misconduct of a member of the Certegy Group;
- d) any Claims for amounts, including but not limited to taxes, interest and penalties, assessed or claimed against the Certegy Group which are obligations of IBM under the Agreement;
- e) any Claim for violation of environmental laws or regulations arising out of the Agreement or as a result of the Services performed at the Facilities, the Data Center or the other Certegy sites or locations to the extent IBM or its Affiliates or subcontractors has caused the environmental damage or violation of the environmental laws or regulations from which the Claim arises;
- f) any Claims directly attributable to IBM's decision to request that Certegy cancel, substitute, terminate, change, add or breach any Third Party Agreement and Certegy's assent to and compliance with such decision and Losses (not to exceed the financial estimate specified in Section 3.8(d) incurred by Certegy associated with such decision by IBM and compliance by Certegy);
- g) any Claims for penalties, interest and other charges imposed by a taxing authority (except the actual taxes payable by Certegy under the terms of the Agreement) arising out of or resulting from IBM issuing an incorrect invoice or other information provided to Certegy in writing regarding its charges to Certegy for the Services to Certegy;
- h) any Claims by any Affected Employees arising out of or resulting from their employment, or the termination of their employment, with IBM and/or its Affiliates, except to the extent any such Claim arises from a wrongful act of Certegy and/or its Affiliates and/or subcontractors; and
- i) any Claims arising out of or resulting from a breach by IBM and/or its Affiliates of Section 4.6 of this Master Agreement to the extent that such regulatory approvals, permits, laws and regulatory requirements

are of specific application to the provision of information technology services by IBM and/or its Affiliates to the Certegy Group under the Agreement.

In the event and to the extent that a Claim is made against an Indemnitee by an employee of IBM, its contractors or subcontractors providing services, products and/or software hereunder, the Parties agree that IBM shall indemnify and hold harmless the Indemnitee to the same extent as if the Claim was made by a non-employee of IBM, its contractors or subcontractors. IBM's indemnification hereunder shall be primary and immediate. Accordingly, in addition to other provisions herein, and in order to render the Parties' intent and this indemnification agreement fully enforceable, IBM, in an indemnification claim hereunder, expressly and without reservation waives any defense or immunity it may have under any applicable workers' compensation law(s) or any other statute or judicial decision disallowing or limiting such indemnification and consents to a cause of action for indemnity. This waiver and consent to indemnification is made irrespective of and specifically waiving any defense or immunity under any statute or judicial decision.

14.2. Indemnity by Certegy

Certegy will indemnify and hold harmless IBM, its Affiliates that are assignees of a Transaction Document, and their respective officers, directors, employees, agents, successors and assigns (each an "IBM Indemnitee") harmless from and against any and all Losses incurred by any of them arising from or in connection with:

- a) any Claims of infringement of any patent or any copyright, trademark, service mark, trade name, trade secret, or similar property right conferred by contract or by common law or by any law of any country, including without limitation, the United States and any other applicable jurisdiction or any state, alleged to have been incurred because of or arising out of any equipment, materials and other resources (including without limitation information technology, information management and communications services equipment, software or other resources) provided to IBM and/or its Affiliates by the Certegy Group in connection with the performance of the Services; provided, however, Certegy will have no obligation with respect to any Losses to the extent arising out of or in connection with Claims for copyright infringement and/or breach of software licenses related to the Services, committed by an IBM Indemnitee or any employee of an IBM Indemnitee that is not the result of the Certegy Group failing to perform its obligations under the Agreement including, without limitation, obtaining any Required Consent for which it has responsibility; and provided, further, that Certegy will have no obligation with respect to any Losses to the extent arising out of or in connection with an IBM Indemnitee's modification of a program or a machine provided by a member of the Certegy Group, or a IBM Indemnitee combination, operation or use of the equipment, software or other resources provided by the Certegy Group with devices, data, programs or other resources not furnished by the Certegy Group, or an IBM Indemnitee's use of equipment or software provided by the Certegy Group to such IBM Indemnitee's under a Transaction Document in a country or countries other than those countries specifically designated in the Transaction Document or a written notice to IBM from Certegy or an applicable Third Party Agreement;
- b) any Claims accruing before the effective date or after the termination date of a Transaction Document regarding any Third Party Agreements between members of the Certegy Group and a third party covered by such Transaction Document, including without limitation, failure to obtain Required Consents but not including Claims arising or resulting from IBM and/or its Affiliates failing to perform its obligations under the Agreement including, without limitation, obtaining any Required Consent for which it has responsibility;
- c) any Claims for amounts, including without limitation, taxes, interest and penalties assessed or claimed against IBM which are obligations of Certegy under the Agreement,
- d) any Claims for personal injuries, death or damage to tangible personal or real property of third parties including employees of the Certegy Group caused by the negligence or willful misconduct of the Certegy Group or their employees; provided that Certegy will have no obligation, under this part, to the extent the same arise out of or in connection with the negligence or willful misconduct of IBM, its Affiliates or subcontractors;

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- e) any Claims arising out of or resulting from the operations of the Certegy Group, including the provision of access to the Services pursuant to Section 17.15, to the extent such Claims do not arise out of a breach of the Agreement by IBM and are not the subject of a specific indemnity provided to Certegy by IBM in Section 14.1; provided, however, that Certegy will have no obligation under this item, to the extent the Claims arise out of or result from the negligence or willful misconduct of IBM, its Affiliates or subcontractors;
- f) any Claim for violation of environmental laws or regulations arising out of the Services performed at the Facilities, the Data Center or other Certegy Group sites or locations except to the extent that IBM or its Affiliates or subcontractors has caused the environmental damage or violation of the environmental laws or regulations from which the Claim arises;
- g) any Claims by any Affected Employees arising out of or resulting from their employment, or the termination of their employment, with Certegy, except to the extent any such Claim arises from a wrongful act of IBM and/or its Affiliates and/or subcontractors; and
- h) any Claims arising out of or resulting from the operations of the Certegy Group and arising from acts of Authorized Users.

In the event and to the extent that a Claim is made by an employee of a member of the Certegy Group against an IBM Indemnitee, the Parties agree that Certegy shall indemnify and hold harmless the IBM Indemnitee to the same extent as if the Claim was made by a non-employee of the members of the Certegy Group. Certegy's indemnification hereunder shall be primary and immediate. Accordingly, in addition to other provisions herein, and in order to render the Parties' intent and this indemnification agreement fully enforceable, Certegy, in an indemnification Claim hereunder, expressly and without reservation waives any defense or immunity it may have under any applicable workers' compensation law(s) or any other statute or judicial decision disallowing or limiting such indemnification and consents to a cause of action for indemnity. This waiver and consent to indemnification is made irrespective of and specifically waiving any defense or immunity under any statute or judicial decision.

14.3. Employment Actions

It is agreed that IBM shall be solely and exclusively responsible for personnel decisions affecting IBM's employees, contractors, subcontractors and agents (including without limitation, hiring, promotions, training, compensation, evaluation, discipline, and discharge). Certegy shall be solely and exclusively responsible for personnel decisions affecting employees, contractors, and agents of the members of the Certegy Group (including without limitation, hiring, promotion, training, compensation, evaluation, discipline and discharge).

14.4. Exclusive Remedy

The indemnification rights of each Indemnitee and IBM Indemnitee (individually an "Indemnified Party") for third party Claims pursuant to Sections 14.1 and 14.2, shall be the sole and exclusive remedy of such Indemnified Party with respect to each such third party Claim to which such indemnification relates.

14.5. Indemnification Procedures

- a) Written notice shall be given to the Party that is obligated to provide indemnification under Sections 14.1 and 14.2 (the "Indemnifying Party"), if any civil, criminal, administrative or investigative action or proceeding is commenced or threatened by a third party (any of the above being a "Claim") against any Indemnified Party. Such notice shall be given as promptly as practicable but in all events, within a period that will not prejudice the rights of the Indemnified Party under the Agreement to defend the Claim. After such notice, if the Indemnifying Party acknowledges in writing to the Indemnified Party that the Agreement applies with respect to such Claim, then the Indemnifying Party shall be entitled to take control of the defense and investigation of such Claim and to employ and engage attorneys of its sole choice to handle and defend the same, at the Indemnifying Party's sole cost and expense. The Indemnifying Party must deliver written notice of its election of taking such control of the claim to the Indemnified Party not fewer

than ten (10) days prior to the date on which a response to such Claim is due or such lesser period as is reasonable given the nature of the Claim and the notice and response time permitted by law or the facts and circumstances. The Indemnified Party shall cooperate in all reasonable respects with the Indemnifying Party and its attorneys in the investigation, trial, defense and settlement of such Claim and any appeal arising therefrom. The Indemnified Party may participate in such investigation, trial, defense and settlement of such Claim and any appeal arising therefrom, through its attorneys or otherwise, at its own cost and expense. No settlement of a Claim that involves a remedy other than the payment of money by the Indemnifying Party shall be entered into without the consent of the Indemnified Party, which consent will not be unreasonably withheld.

- b) After notice to the Indemnified Party of the Indemnifying Party's election to assume full control of the defense of any such Claim, the Indemnifying Party shall not be liable for any legal expenses incurred thereafter in connection with the defense of that Claim by the Indemnified Party. If the Indemnifying Party does not promptly assume full control over and diligently pursue the defense of a Claim as provided in this Section 14.5, the Indemnified Party shall have the right to defend, settle or otherwise resolve the Claim in such manner as it may deem appropriate, at the cost and expense of the Indemnifying Party, and the Indemnifying Party may participate in such defense, at its sole cost and expense. In no event shall any settlement of the Claim pursuant to this Section 5(b) require the consent of the Indemnifying Party.

14.6. Limitation

Notwithstanding anything to the contrary in this Master Agreement, the provisions of Section 13.2 of this Master Agreement shall not apply to the indemnification obligations of IBM pursuant to Section 14.1(i) of the Master Agreement.

15. INSURANCE AND RISK OF LOSS

15.1. IBM Insurance

During the Term of the Agreement, IBM and each IBM contractor and subcontractor shall maintain and keep in force, at its own expense, the following minimum insurance coverages and minimum limits:

- a) workers' compensation insurance, with statutory limits as required by the various laws and regulations applicable to the employees of IBM or any IBM contractor or subcontractor;
- b) employer's liability insurance, for employee bodily injuries and deaths, with a limit of \$500,000 each accident;
- c) comprehensive or commercial general liability insurance, covering claims for bodily injury, death and property damage, including premises and operations, independent contractors, products, services and completed operations (as applicable to the Services), personal injury, contractual, and broad-form property damage liability coverages, with limits as follows: (1) occurrence/aggregate limit of \$ 1,000,000 for bodily injury, death and property damage per occurrence of \$2,000,000 combined aggregate, or (2) split liability, without aggregate limits, of (i) \$2,000,000 for bodily injury per person; (ii) \$2,000,000 for bodily damage per occurrence; and (iii) \$500,000 per occurrence for property damage;
- 1) comprehensive automobile liability insurance, covering owned, non-owned and hired vehicles, with limits as follows (1) combined single limit of \$1,000,000 for bodily injury, death and property damage per occurrence; or (2) split liability limits of (i) \$ 1,000,000 for bodily injury per person; (ii) \$ 1,000,000 for bodily injury per occurrence, and (iii) \$250,000 for property damage; and
- d) all-risk property insurance, on a replacement cost basis, covering the real and personal property of IBM which IBM is obligated to insure by the Agreement. Such real and personal property may include buildings, equipment, furniture, fixtures and supply inventory.

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All such policies of insurance of IBM and its contractors and subcontractors shall provide that the same shall not be canceled nor the coverage modified nor the limits changed without first giving thirty (30) days prior written notice thereof to Certegy. No such cancellation, modification or change shall affect IBM's obligation to maintain the insurance coverages required by the Agreement. Except for workers' compensation insurance, Certegy shall be named as an additional insured on all such required policies. All liability insurance policies shall be written on an "occurrence" policy form. Certegy shall be named as loss payee as its interest may appear on the property insurance policies of IBM. IBM shall be responsible for payment of any and all deductibles from insured claims under its policies of insurance. The coverage afforded under any insurance policy obtained by IBM pursuant to the Agreement shall be primary coverage regardless of whether or not Certegy has similar coverage. IBM and its contractors and subcontractors shall not perform under the Agreement without the prerequisite insurance. Upon Certegy's request, IBM shall provide Certegy with certificates of such insurance including renewals thereof. Unless previously agreed to in writing by Certegy, IBM's contractors and subcontractors shall comply with the insurance requirements herein. The minimum limits of coverage required by the Agreement may be satisfied by a combination of primary and excess or umbrella insurance policies. If IBM or its contractors or subcontractors shall fail to comply with any of the insurance requirements herein, upon written notice to IBM by Certegy and a ten (10) day cure period, Certegy may, without any obligation to do so, procure such insurance and IBM shall pay Certegy the cost thereof plus a reasonable administrative fee as designated by Certegy. The maintenance of the insurance coverages required under the Agreement shall in no way operate to limit the liability of IBM to Certegy under the provisions of the Agreement.

The parties do not intend to shift all risk of loss to insurance. The naming of Certegy as additional insured is not intended to be a limitation of Provider's liability and shall in no event be deemed to, or serve to, limit Provider's liability to Certegy to available insurance coverage or to the policy limits specified in this [Section 14](#), nor to limit Certegy's rights to exercise any and all remedies available to Certegy under contract, at law or in equity.

15.2. Risk of Property Loss

IBM is responsible for risk of loss of, or damage to, the Software, Machines, Certegy Provided Office Furnishings and Certegy Group data in its possession or control, and Certegy is responsible for risk of loss of, or damage to, the Software, Machines and Certegy Group data in its possession or control.

15.3. Mutual Waiver of Subrogation

- a) To the extent permitted by law, IBM and its Affiliates, contractors, subcontractors, and their respective directors, officers, employees, agents and insurers hereby waive their rights of subrogation against the member of the Certegy Group and their respective directors, officers, employees, agents, contractors and subcontractors for any loss or damage to the IBM Machines, IBM Software, and other tangible and intangible, real and personal property of IBM and its Affiliates, contractors and subcontractors resulting from operations in connection with the Agreement. Each property and worker's compensation insurance policy of IBM and its Affiliates, contractors and subcontractors shall be endorsed to provide a waiver of any and all rights of subrogation against the Certegy Group and their respective directors, officers, employees, agents, contractors and subcontractors for loss resulting from operations in connection with the Agreement.
- b) To the extent permitted by law, Certegy, the other members of the Certegy Group and their respective directors, officers, employees, agents and insurers hereby waive their rights of subrogation against IBM and its Affiliates, contractors and subcontractors for any loss or damage to the Certegy Provided Hardware, Certegy Software, Certegy Provided Office Furnishings and other tangible and intangible, real and personal property of Certegy and the other members of the Certegy Group resulting from operations in connection with the Agreement. Each property and worker's compensation insurance policy of Certegy shall be endorsed to provide a waiver of any and all rights of subrogation against IBM and its Affiliates, contractors and subcontractors for loss resulting from operations in connection with the Agreement.

16. DISPUTE RESOLUTION

16.1. Dispute Resolution Procedures

- a) Any dispute between the Parties either with respect to the interpretation of any provision of the Agreement or with respect to the performance hereunder by IBM or by Certegy or their respective Affiliates shall be resolved as specified in this Section 16.1.
- 1) Upon the written request of either Party, a dispute shall be submitted to the Integrated Planning Team for resolution.
 - 2) The Integrated Planning Team shall meet as often as necessary to gather and furnish to each Party all non-privileged information with respect to the matter in issue which is appropriate and germane in connection with its resolution.
 - 3) The Integrated Planning Team shall discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding relating thereto.
 - 4) During the course of such negotiation, all reasonable requests made by one Party to the other for nonprivileged information reasonably related to the Agreement, will be honored in order that each Party may be fully advised of the other Party's position.
 - 5) The specific format for such discussions will be left to the discretion of the Integrated Planning Team, but may include the preparation of agreed upon statements of fact or written statements of position furnished by each Party to the other Party.
- b) If the Integrated Planning Team does not resolve the dispute within thirty (30) days after the date of receipt by the other Party of a request to submit the dispute to the Integrated Planning Team as described in Section 16.1(a)(1) (the "Notice"), then the dispute shall be escalated to an officer of Certegy and an officer of IBM, for their review and resolution within forty-five (45) days after receipt of the Notice.
- c) If the officers referred to in Section 16.1(b) do not resolve the dispute within forty-five (45) days after the Notice, then the dispute shall be escalated to the President of Certegy and the IBM corporate officer in charge of IBM Global Services, for their review and resolution within sixty (60) days after the Notice.
- d) If the dispute is not resolved by the Parties' representatives identified in Section 16.1(c) within ninety (90) days after the Notice, the Parties agree to try in good faith to resolve the dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association, before resorting to litigation or some other dispute resolution procedure.
- e) If the dispute is not resolved by mediation within one hundred twenty (120) days after the Notice, then the Parties may initiate formal proceedings; however, formal proceedings for the judicial resolution of any such dispute may not be commenced until the earlier of:
- 1) the designated representatives concluding in good faith that amicable resolution through continued negotiation of the matter in issue does not appear likely; or
 - 2) one hundred twenty (120) days after the Notice; or
 - 3) thirty (30) days before the statute of limitations governing any cause of action relating to such dispute would expire.

Notwithstanding anything to the contrary in this Section 16.1(e), the Integrated Planning Team shall have the authority to stay the time periods set forth in this Section 16.1 upon unanimous vote of its members to take such action.

- f) Notwithstanding any other provision of this Section 16.1, either Party may resort to court action for injunctive relief at any time if the dispute resolution processes set forth in this Section would permit or cause irreparable injury to such Party or any third party claiming against such Party, due to delay arising out of the dispute resolution process.

16.2. Continued Performance

The Parties agree to continue performing their respective obligations under the Agreement while the dispute is being resolved unless and until such obligations are terminated or expire in accordance with the provisions of the Agreement or unless such performance is prevented by the actions of the other Party.

17. GENERAL

17.1. Relationship of Parties

The Agreement shall not be construed as constituting either Party or its Affiliates as partner of the other Party and its Affiliates or to create any other form of legal association that would impose liability upon one Party or its Affiliates for the act or failure to act of the other Party and its Affiliates or as providing either Party, or its Affiliates with the right, power or authority (express or implied) to create any duty or obligation of the other Party and its Affiliates, except as provided in Section 8.3. Each Party shall be responsible for the management, direction and control of the employees of such Party and its Affiliates and such employees shall not be employees of the other Party or its Affiliates.

Each Party will submit to the other Party all advertising, written sales promotion, press releases and other publicity matters relating to the Agreement in which the other Party's or its Affiliate's name or mark is mentioned or language from which the connection of said name or mark may be inferred or implied, and will not publish or use such advertising, sales promotion, press releases, or publicity matters without prior written approval of the other Party. However, either Party may include the other Party's and/or its Affiliates name and a factual description of the work performed under the Agreement on employee bulletin boards, in its list of references and in the experience Section of proposals to third parties, in internal business planning documents and in its annual report to stockholders, and whenever required by reason of legal, accounting or regulatory requirements.

17.2. Entire Agreement, Updates, Amendments and Modifications

The Agreement (including the Transaction Documents and the Supplement and Schedules thereto) constitutes the entire agreement of the Parties and their Affiliates with regard to the Services and matters addressed therein, and all prior agreements (including, without limitation, the Agreement for Systems Operations Services dated April 20, 1993, as amended), letters, proposals, discussions and other documents regarding the Services and the matters addressed in the Agreement (including the Transaction Documents and the Supplement and Schedules) and are superseded and merged into the Agreement (including the Transaction Documents and the Supplement and Schedules thereto). Updates, amendments and modifications to the Agreement including the Transaction Documents may not be made orally, but shall only be made by a written document signed in the case of this Master Agreement by both Parties and in the case of each Transaction Document, by the Parties and, if applicable, permitted assignees of such Transaction Documents. Any terms and conditions varying from the Agreement (including the Transaction Documents and the Supplement and Schedules thereto) on any order or written notification from either Party or its Affiliates shall not be effective or binding on the other Party or its Affiliates.

17.3. Force Majeure

- a) Neither Party shall be liable for any default or delay in the performance of its obligations hereunder, except for payment defaults, if and to the extent and while such default or delay is caused, directly or indirectly, by fire, flood, earthquake, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions or revolutions, strikes, lockouts, or labor difficulties or any other similar cause beyond the reasonable control of such Party and its Affiliates other than strikes, lockouts, or labor difficulties initiated by such Party's or its Affiliates or subcontractor's employees; and provided such default or delay could not

have been prevented by reasonable precautions and cannot reasonably be circumvented by the nonperforming Party or its Affiliates through the use of alternate sources, work-around plans or other means, (individually, each being a “Force Majeure Event”).

- b) If a Force Majeure Event occurs, the nonperforming Party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such Party continues to use commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay. Any Party so delayed in its performance will immediately notify the other by telephone and describe at a reasonable level of detail the circumstances causing such delay (to be confirmed in writing within twenty-four (24) hours after the inception of such delay).
- c) If any Force Majeure Event substantially prevents, hinders, or delays performance of the Services under any Transaction Document necessary for the performance of the critical functions of the Certegy users of such Services for more than fifteen (15) consecutive days, then at Certegy’s option:
- 1) Certegy may procure such Services from an alternate source. Provided Certegy has not terminated the applicable Transaction Document pursuant to Section 17.3(c)(ii) and Certegy continues to make payment to IBM under such Transaction Document and Certegy exerts reasonable efforts to mitigate amounts payable to the alternate source, IBM will directly and timely pay the alternate source the full amount charged by such alternate source for the provision of such Services to Certegy until such time as IBM restores the Services and meets the Performance Standards but in no event for more than one hundred eighty (180) days; and/or
 - 2) Until such time as IBM has restored the Services, Certegy may terminate the Transaction Document as of a date specified by Certegy in a written notice of termination to IBM, and Certegy will pay all fees due and payable through the termination date. If Certegy elects such termination, Certegy shall only pay on account of such termination IBM’s verifiable unrecovered investment and deferred profit, if any, through the date of termination (but will not be liable for Termination Charges or Wind Down Expenses) as well as any fees for Services Transfer Assistance.
- d) This Section 17.3 does not limit or otherwise affect IBM’s obligation to provide Disaster Recovery Services in accordance with Section 3.3 and the Schedules to each Transaction Document. In the event of a Force Majeure Event affecting Certegy, this Section 17.3 will not limit or otherwise relieve Certegy’s obligation to pay any monies due IBM under the terms of the Agreement, except as provided in Section 17.3(c)(ii) and Section 3.3.

17.4. Nonperformance

To the extent any nonperformance by either Party of its nonmonetary obligations under the Agreement results from or is caused by the other Party’s failure to perform its obligations under the Agreement, such nonperformance shall be excused.

17.5. Waiver

No waiver of any breach of any provision of the Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof.

17.6. Severability

If any provision of the Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and such provision shall be deemed to be restated to reflect the Parties’ original intentions as nearly as possible in accordance with applicable law(s)

17.7. Counterparts

The Agreement shall be executed in counterparts. Each such counterpart shall be an original and together shall constitute but one and the same document.

17.8. Governing Law

The Agreement and any and all claims and disputes arising out of or in connection with or related to the relationships and arrangements between the Certegy Group and IBM and its Affiliates described in the Agreement will be governed by and construed in accordance with the laws of the State of Georgia and the United States of America. The Parties hereby (a) agree that the U.S. District Court for the Northern District of Georgia, Atlanta Division, or if such court does not have subject matter jurisdiction, the appropriate State or Superior Court sitting in Fulton County, Georgia, shall have exclusive jurisdiction over the actions arising out of or related to or in connection with the Agreement and the subject matter of the Agreement, whether in contract, tort, or any other form of action (“Action”); (b) agree to initiate any such Action against the other Party only in such courts; (c) agree that they shall not raise any defense to the lawful jurisdiction of such courts; and (d) agree that they shall not attempt the removal of any Action to any other court, whether local, state or federal courts of the United States or the courts of any other country.

17.9. Binding Nature and Assignment

The Agreement will be binding on the Parties and their respective successors and permitted assigns. Except as provided in this Section 17.9, neither Party may, or will have the power to, assign the Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld, except that either Party may assign its rights and obligations under the Agreement in whole or in part to an Affiliate which expressly assumes such Party’s obligations and responsibilities hereunder, without the approval of the other Party. The assigning Party shall remain fully liable for and shall not be relieved from the full performance of all obligations under the Agreement. Any attempted assignment that does not comply with the terms of this Section 17.9 shall be null and void. Any Party assigning its rights or obligations to an Affiliate in accordance with the Agreement shall provide written notice thereof to the other Party together with a copy of the assignment document, within three (3) business days of such assignment.

17.10. Notices

- a) Whenever one Party is required or permitted to give notice to the other Party under the Agreement, such notice will be in writing unless otherwise specifically provided herein and will be deemed given when delivered in hand, one (1) day after being given to an express courier with a reliable system for tracking delivery, or five (5) days after the day of mailing, when mailed by United States mail, registered or certified mail, return receipt requested, postage prepaid, or when sent if delivered by facsimile.
- b) Notifications will be addressed as follows:

- 1) For breach or default under the Master Agreement, notify:

In the case of IBM:

IBM Global Project Executive
1505 Windward Concourse
Alpharetta, Georgia 30005
Facsimile: 770-663-9701

In the case of Certegy:

Chief Technology Officer
11720 Amber Park Drive
Alpharetta, Georgia 30004
Facsimile: _____

with a copy to:

IBM General Counsel
Route 100
Somers, New York 10569
Facsimile: 914-766-8440

2) For termination, breach or default under a Transaction Document, notify:

In the case of IBM:

IBM Global Project Executive
at the Notice address set forth
in the affected Transaction Document

with copies to:

IBM Co-Chairman of the
Integrated Planning Team
1505 Windward Concourse
Alpharetta, Georgia 30005
Facsimile: 770-663-9701

and

IBM General Counsel
Route 100
Somers, New York 10569
Facsimile: 914-766-8440

3) For all other notices under the Master Agreement:

In the case of IBM:

IBM Co-Chairman of the
Integrated Planning Team
1505 Windward Concourse
Alpharetta, Georgia 30005
Facsimile: 770-663-9701

4) For all other notices under a Transaction Document:

In the case of IBM:

IBM Global Project Executive
at the Notice address set forth
in the affected Transaction Document

with a copy to:

IBM Co-Chairman of the
Integrated Planning Team
1505 Windward Concourse
Alpharetta, Georgia 30005
Facsimile: 770-663-9701

with a copy to:

Certegy Chief Legal Officer
11720 Amber Park Drive
Alpharetta, Georgia 30004
Facsimile: _____

In the case of Certegy:

Chief Technology Officer
at the Notice address set forth
in the affected Transaction Document

with copies to:

Certegy Co-Chairman of the
Integrated Planning Team
11720 Amber Park Drive
Alpharetta, Georgia 30004
Facsimile: _____

and

Certegy Chief Legal Officer
11720 Amber Park Drive
Alpharetta, Georgia 30004
Facsimile: _____

In the case of Certegy:

Certegy Co-Chairman of the
Integrated Planning Team
11720 Amber Park Drive
Alpharetta, Georgia 30004
Facsimile: _____

In the case of Certegy:

Chief Technology Officer
at the Notice address set forth
in the affected Transaction Document

with a copy to:

Certegy Co-Chairman of the
Integrated Planning Team
11720 Amber Park Drive
Alpharetta, Georgia 30004
Facsimile: _____

Either Party hereto may from time to time change its address for notification purposes by giving the other prior written notice of the new address and the date upon which it will become effective.

17.11. No Third Party Beneficiaries

The Parties do not intend, nor will any Section hereof be interpreted, to create for any third party beneficiary rights with respect to either of the Parties, except (a) each member of the Certegy Group and each IBM Affiliate shall be a third party beneficiary under the Agreement with respect to enforcement of any rights such member of the Certegy Group or IBM Affiliate may have under Section 10, Section 11, or Section 14 of the Agreement, and (b) each Affiliate of the Parties to which a Transaction Document has been assigned and accepted, will have the rights and benefits described in that Transaction Document, and (c) the third parties identified in Section 14 will have the rights and benefits described in that Section.

17.12. Other Documents

Upon request of the other Party, on or after the Effective Date and the date(s) of any Transaction Documents and amendments or revisions to any of the foregoing, each Party shall furnish to the other such certificate of its Secretary, certified copy of resolutions of its Board of Directors, or opinion of its counsel as shall evidence that the Agreement or any amendment or revision hereto has been duly executed and delivered on behalf of such Party or its Affiliates.

17.13. Consents and Approvals

The Parties agree that in any instance where a consent, approval or agreement is required of a Party in order for the other Party to perform under or comply with the terms and conditions of the Agreement, then such Party will not unreasonably withhold or delay such consent, approval or agreement and where consent, approval or agreement cannot be provided, the Party shall notify the other Party in a timely manner.

17.14. Headings

All headings herein and the table of contents are not to be considered in the construction or interpretation of any provision of the Agreement. The Agreement was drafted with the joint participation of both Parties and shall be construed neither against nor in favor of either, but rather in accordance with the fair meaning thereof. In the event of any apparent conflicts or inconsistencies between the provisions of the Master Agreement, the Exhibits, the Transaction Documents, the Schedules or other attachments to the Master Agreement and Transaction Documents, such provisions shall be interpreted so as to make them consistent to the extent possible, and if such is not possible, the provisions of the Master Agreement shall prevail.

17.15. Remarketing

Certegy may not remarket all or any portion of the Services provided under the Agreement, or make all or any portion of the Services available to any party, without the prior written consent of IBM; provided, however, Certegy may sell or make available to third parties which are customers or potential customers of members of the Certegy Group and persons acquiring portions of the Certegy Business from Certegy or its Affiliates access to elements of the Services under the Agreement ("Elements of the Services") subject to the following limitations:

- 1) Certegy shall independently set its own pricing and policies in connection with any such access to Elements of the Services;
- 2) Certegy does not utilize IBM's name as part of its marketing efforts regarding any such access to Elements of the Services;
- 3) Certegy discloses to its customers and Authorized Users accessing Elements of the Services that IBM is running the Systems but that IBM has no liability of any kind to such customers;

- 4) if Certegy's activities for a customer or Authorized User accessing Elements of the Services cause IBM to fail to meet a Minimum Service Level, IBM shall be excused from such failure to the extent IBM demonstrates that the failure was caused by such customers' or Authorized Users' activities and to the extent such failure was not caused by IBM's failure to satisfy its obligations under the Agreement; and
- 5) Use of Elements of the Services by Authorized Users in connection with the Certegy Business and for the benefit of the Certegy Group for a function, responsibility, task or activity under any Transaction Document that requires resources for which there is a Resource Unit Baseline or charging methodology under such Transaction Document (that is, such function, responsibility, task or activity is included in the Monthly Charge or is charged separately under another charging methodology, other than the New Services provisions of Section 3.12) will be charged for by IBM as part of the Services under such charging methodology for such resources. In all other cases, the use of Elements of the Services by Authorized Users in connection with the Certegy Business will be charged for as New Services pursuant to Section 3.12 hereof. For purposes of this Section 17.15(5) and (6), Certegy Business shall mean purchasing and selling the products and services of the Certegy Group, providing products and services in the support of the products and services of the Certegy Group, and support of the internal operations of the Certegy Group, provided that where the Services are not utilized in support of the internal operations of the Certegy Group, the Services must be incorporated into and made part of the products or services of the Certegy Group or otherwise include substantial value added services or products of the Certegy Group.
- 6) Use of Elements of the Services by Authorized Users that is not in connection with the Certegy Business for a function, responsibility, task or activity under any Transaction Document that requires resources for which there is a Resource Unit Baseline or charging methodology under such Transaction Document will be charged for by IBM as part of the Services under such charging methodology for such resources, provided that any additional costs which may be incurred by IBM in the provision of such Services will constitute a New Service. In all other cases, use of Elements of the Services by Authorized Users that is not in connection with the Certegy Business will be charged for as New Services pursuant to Section 3.12 hereof. The Certegy Business does not include, for example, use of the Services by divested business units of the Certegy Group or any other Authorized Users that are not part of the Certegy Group, to provide information technology services which do not include substantial value added services and/or products provided by the Certegy Group in addition to the Services and where the purpose for use of the Services is not to obtain the substantial value added services and/or products of the Certegy Group.

Nothing herein may be construed to limit or hinder Certegy or the other members of the Certegy Group from (i) marketing, selling or performing its services to and for its customers or potential customers and/or (ii) from providing any portion of the Services to its Affiliates.

17.16. Commencement of Actions

Neither party may bring an action, regardless of form, arising out of the Agreement more than two (2) years after the later to occur of the date on which the cause of action has arisen or the date such cause of action was or should have been discovered.

17.17. IBM Logo Products Warranties

Nothing in the Agreement is intended to replace, supersede or vitiate the warranties and attendant rights and remedies granted to members of the Certegy Group by IBM and/or its Affiliates with respect to IBM Logo Products as set forth in any applicable lease, purchase and/or license arrangement.

**Exhibit 10.43 to
Form 10-K
Certege Inc.**

CONFIDENTIAL TREATMENT REQUESTED.

CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION, AND THE SPECIFIC PORTIONS THAT THE REGISTRANT DESIRES TO BE KEPT CONFIDENTIAL HAVE BEEN MARKED WITH *** AT THE REDACTED PORTION AND FOOTNOTED "CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION" THE REGISTRANT HAS ALSO MARKED THE EXHIBIT INDEX TO THE FORM 10-K TO INDICATE CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN PORTIONS OF THE EXHIBITS.

Transaction Document
CERTEGY/IBM CONFIDENTIAL

February 25, 2003

**Master Agreement for Operations Support Services
Transaction Document #03-01
(United States)**

1.0 Introduction

This Transaction Document, effective as of March 5, 2003 (the "Effective Date"), is entered into by Certegy Inc., a corporation having its primary place of business at 11720 Amber Park Drive, Alpharetta, Georgia 30004 ("Certegy"), and International Business Machines Corporation ("IBM"), having offices located at Route 100, Somers, New York 10589. The Services (as defined herein) will be provided by IBM to Certegy under the terms and conditions of the Master Agreement for Operations Support Services dated June 29, 2001 between Certegy and IBM, as amended from time to time (the "Master Agreement"), and this Transaction Document, its Supplement and its Schedules A through V attached hereto for each Tower (this "Transaction Document"). Terms and conditions that are specific to this Transaction Document, but do not deviate from or conflict with the provisions of the Master Agreement, are set forth in Section 4.0 hereof entitled "Transaction Unique Terms." Terms and conditions of this Transaction Document that deviate from or are in conflict with the Master Agreement are set forth in Section 5.0 hereof entitled "Deviations from Terms of the Master Agreement." In the event of a conflict between the provisions of this Transaction Document and the Master Agreement, the provisions of the Master Agreement shall be controlling except for the deviating and conflicting provisions set forth in Section 5.0 hereof, which will control over the provisions of the Master Agreement.

2.0 Definitions

Terms capitalized herein but not defined herein shall have the meaning set forth in the Master Agreement and the Schedules attached hereto. Terms capitalized and defined herein shall have the meaning set forth herein.

- a. Commencement Date has the meaning set forth in Section 4.1 herein.
- b. Contract Year means the consecutive twelve month period beginning September 1 continuing through August 31 of the following year during the Term of this Transaction Document. The first Contract Year shall begin on September 1, 2003.
- c. Custom Utility Software means code which causes the Applications Software and/or Systems Software and/or the Machines and/or Services to function, operate and/or communicate as part of an integrated compatible system in connection with the Services.
- d. Customer Data means any information contained in a Customer Database.
- e. Customer Database means any database at any time established (whether in magnetic, paper or other form) by, or on behalf of, or at the direction of, Certegy or an Authorized

- User under this Transaction Document which contains information relating to Certegy or its Authorized Users (including account and transaction data).
- f. Certegy Data Center means the Certegy data center located in St. Petersburg, Florida, from which IBM provides the majority of the Services.
 - g. Disaster Recovery Plan has the meaning set forth in Schedule G to this Transaction Document.
 - h. Effective Date has the meaning set forth in Section 1.0 herein.
 - i. Excusable Downtime has the meaning set forth in Schedule S to this Transaction Document.
 - j. Facilities—means any location: (1) owned, leased, rented, or used by Certegy that IBM may use in providing the Services; and (2) that is listed in Schedule T (Facilities).
 - k. IBM Data Center means the IBM data center from which IBM provides console operations activities in support of the Services.
 - l. IBM Help Desk means an IBM Customer Service Center from which IBM provides Help Desk Services.
 - m. IBM Logo Products means products made generally available by IBM or an Affiliate of IBM and bearing a logo of IBM and/or an IBM Affiliate.
 - n. Master Agreement has the meaning set forth in Section 1.0 herein.
 - o. Procedures Manual has the meaning set forth in Section 4.6 herein.
 - p. Scheduled Downtime has the meaning set forth in Schedule S to this Transaction Document.
 - q. Sensitivity Factor has the meaning set forth in Schedule J 3.0 to this Transaction Document.
 - r. Services has the meaning set forth in Section 3.1 herein.
 - s. Systems management Control (SMC) has the meaning set forth in Section 4.5 herein.
 - t. Transaction Document has the meaning set forth in Section 1.0 herein.
 - u. Transition Plan means the plan for transition set forth in Schedule H to this Transaction Document.

Transaction Document US

March 5, 2003

CERTEGY/IBM CONFIDENTIAL

3.0 Services, Charges and Credits

3.1 Services

IBM will provide to Certegy the Services for the Mainframe Tower:

- Mainframe Tower includes:
 - Help Desk Services
 - Desktop Services
 - SNA Network Services

The scope and composition of the Services and the responsibilities of the Parties with respect to the Services are detailed in each Schedule E to this Transaction Document with respect to the Mainframe Tower, and Schedules A through V attached hereto.

Any existing and future Projects under this Transaction Document for which IBM will be responsible will be described in Schedule N. Schedule N shall include, but not be limited to, project management, design, testing, documentation, implementation and training responsibilities for each Project and the charges with respect thereto.

3.2 Charges and Credits

In addition to other provisions in the Master Agreement and this Transaction Document addressing charges and credits, the Supplement and Schedule J hereto entitled "Charging Methodologies," set forth the pricing, charging methodologies and measures of utilization for the Services including, without limitation, the Baselines of Resource Units to be provided to Certegy by IBM hereunder, the Monthly Charges, Termination Charges and charges and credits for additional and reduced resources. Further, Schedule J and Schedule S hereto entitled "Service Levels and Service Credits" set forth certain credits to Certegy and/or charges to IBM.

4.0 Transaction Unique Terms

The terms and conditions in this Section 4 are in addition to the terms and conditions set forth in the Master Agreement, are specific to the Services arrangement described in this Transaction Document and are not intended to conflict with or deviate from any of the terms and conditions in the Master Agreement.

Transaction Document US
CERTEGY/IBM CONFIDENTIAL

March 5, 2003

4.1 Term/Commencement Date

The term of this Transaction Document shall begin on the Effective Date and expire on August 31, 2013, unless earlier terminated in accordance with the terms of the Master Agreement or this Transaction Document. Except as provided in Section 4.3, the Commencement Date of Services is August 31, 2003.

4.2 Technology Refresh

IBM will refresh (including, without limitation, upgrade, replace, augment, enhance, etc.) the IBM Machines used by IBM to provide the Services to the extent provided to Certegy by IBM for this Transaction Document in accordance with Section 6.2.(a) of the Master Agreement, at a level and with a frequency that will enable IBM at all times to perform and provide the Services in accordance with this Transaction Document. Pursuant to Section 6.2(a) of the Master Agreement, IBM has provided the technology refresh plan to Certegy showing the timing of the hardware and software upgrades and/or hardware refresh points during the term of this Transaction Document that are included in the Monthly Charges and reflected in the Baseline prior to the Effective Date. IBM will advise Certegy of any proposed changes in its technology refresh procedures and plans during each Annual Planning Meeting referred to in Schedule J of this Transaction Document.

4.3 Transition

Schedule H to this Transaction Documents describes the Transition Plan, which shall begin upon the Effective Date of this Transaction Document. The Transition Plan, among other things, includes the joint development of the Desktop Refresh Plan by IBM and Certegy, including the rollout schedule of Desktop Refreshes ("Desktop Refreshes").

4.4 Return of Customer Data

If requested by Certegy at any time during the term of this Transaction Document, IBM shall promptly provide to Certegy, its Authorized Users or its or their nominees, in a form readily useable, current and updated copies of the Customer Data and Customer Databases. Certegy shall reimburse IBM for its reasonable cost, if any, of providing such Customer Data and Customer Databases.

4.5 Systems Management Controls

During each Annual Planning Meeting referred to in Schedule J, IBM and Certegy will jointly review the Systems Management Control (SMC) procedures used by IBM, and IBM will make any reasonable changes that Certegy may request be made to the standard set of disciplines for managing the information systems used to provide the Services. This methodology will be applied to all the Services provided under this Transaction Document, shall be implemented as appropriate to the individual elements of the Services being provided, and shall be included in the Procedures Manual.

Transaction Document US

March 5, 2003

CERTEGY/IBM CONFIDENTIAL

4.6 Procedures Manual

The "Procedures Manual" shall be jointly developed by IBM and Certegy during the Transition Period and approved by Certegy. The Procedures Manual will govern the performance of each element of the Services and will establish appropriate operating procedures, including, without limitation, escalation and problem resolution procedures, for the Services. During the term of this Transaction Document, the Parties may incorporate New Services into the Services provided pursuant to this Transaction Document and will amend the Procedures Manual in writing accordingly. IBM shall perform all Services in accordance with the Procedures Manual and the Master Agreement.

4.7 Facilities

- a. Certegy will provide IBM at no charge with:
 1. the use of space and support (including, without limitation, the use of copiers and fax machines) at Certegy's St. Petersburg, Florida; Alpharetta, Georgia; Tuscaloosa, Alabama; Madison, Wisconsin; and Salt Lake City, Utah locations (the "Facilities") reasonably necessary for the performance of the Services, which shall include all heat, light, power, air conditioning, uninterruptible power supply and other similar utilities, reasonable office space as shown in Schedule T of this Transaction Document, furniture, secure storage space and equipment staging facilities, local telephone service (long distance charges will be IBM's responsibility), office support services (including security and janitorial), and coordination of Facility access security requirements to be used by IBM in support of the Services. Certegy will provide IBM with reasonable access to the Facilities in order for IBM to perform its obligations hereunder in substantially the same manner as provided to Certegy employees performing similar job functions; and
 2. the same or similar access to Certegy's workplace services, such as parking and cafeteria facilities, if any, as Certegy provides to its employees and Subcontractors.
- b. If Certegy relocates a Facility, or the portion of a Facility used by IBM to provide the Services, Certegy will:
 1. provide IBM with space and support in the new location that is comparable to the space and support provided in the previous location;
 2. reimburse IBM for any one time or ongoing expenses incurred as a result of the relocation; and
 3. if the relocation impacts IBM's ability to meet the Service Levels, relieve IBM from the affected Service Levels until the relocation is complete and the Service Levels are appropriately adjusted.
- c. IBM's use of the Facilities does not constitute or create a leasehold interest.

To the extent that IBM's equipment or software is located at a Facility and such equipment and/or software is part of the System used to provide the Services, Certegy appoints IBM as Certegy's attorney-in-fact, with the full authority to act in its name and stead, for the limited purpose of executing, delivering and filing, in Certegy's name and on its behalf, financing statements and related filings in connection with such equipment and software. This limited power of attorney will be effective as of the Effective Date and will expire upon the expiration or earlier termination of this Transaction Document.

4.8 Economic Change Adjustment (ECA)

An annual Economic Change Adjustment (the "ECA") to certain specified charges set forth in the Supplement for this Transaction Document shall be determined and calculated in accordance with Section 3.0 of Schedule J to this Transaction Document. Such adjustment may increase or decrease the Annual Services Charges, ARCs, and RRCs ("Charges") in the Supplement. The Charges, to which the annual ECA will be applied, are specified in the Supplement and Schedule J to this Transaction Document.

4.9 Limitations on Rights to Perform Services for Others

Subject to Sections 8.4(c) and 11.2(d) of the Master Agreement, IBM will not:

- a. use information regarding the Certegy Business or skills which were obtained through association with Certegy and which provide Certegy with a competitive advantage in the Certegy Business to assist competitors of Certegy, including those identified in Section 4.9(b); nor
- b. REDACTED ***
- c. Use these Facilities or the System to provide services to any third party without prior written approval of Certegy.

4.10 Notices

Notices pursuant to Section 17.10 of the Master Agreement, notifications will be addressed as follows:

For termination, breach or defaults, notify;

*** CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

Transaction Document US March 5, 2003
CERTEGY/IBM CONFIDENTIAL

In the case of IBM:

IBM Global Project Executive
IBM Corporation
1505 Windward Concourse
Alpharetta, Georgia 30005
Facsimile: 770-663-9448

with a copy to:

IBM General Counsel
IBM Corporation
Route 100
Somers, New York 10589
Facsimile: 914-766-8444

In the case of Certegy:

Chief Technology Officer
Certegy Inc.
11720 Amber Park Drive
Suite 600
Alpharetta, Georgia 30004

with a copy to:

Law Department
Certegy Inc.
11601 Roosevelt Boulevard
TA-41
St. Petersburg, Florida 33716

For all other notices:

In the case of IBM:

IBM Global Project Executive
IBM Corporation
1505 Windward Concourse
Alpharetta, Georgia 30005
Facsimile: 770-663-9448

IBM Project Executive
11601 Roosevelt Boulevard
St. Petersburg, Florida 33716

In the case of Certegy:

Chief Technology Officer
Certegy Inc.
11720 Amber Park Drive
Suite 600
Alpharetta, Georgia 30004

Chief Information Officer
Certegy, Inc
11601 Roosevelt Boulevard
St. Petersburg, Florida 33716

5.0 Deviations From Terms of The Master Agreement

The terms and conditions in this Section 5 are the terms and conditions that are deviations from or in conflict with the terms and conditions set forth in the Master Agreement.

Transaction Document US March 5, 2003
CERTEGY/IBM CONFIDENTIAL

5.1 Termination for Convenience Section 12.1(c) of the Master Agreement entitled "Termination" is modified for the purpose of this Transaction Document to the extent inconsistent with the following:

Subject to payment by Certegy of the applicable Termination Charges and Wind Down Expenses as described in Schedule J or its Supplements, Certegy may terminate this Transaction Document for convenience at anytime after three (3) years from the Commencement Date by giving one hundred eighty (180) days or more prior written notice to IBM.

5.2 REDACTED ***

5.3 REDACTED ***

5.4 REDACTED ***

5.6 Resources and Facilities

For purposes of this Transaction Document, Section 5.3(d) of the Master Agreement is modified as follows:

a. The first sentence is revised to read as follows:

IBM will have the right to change the location of the IBM activities associated with operating systems support, Help Desk and mainframe console operations provided as part of the Services under any Transaction Document with the prior written consent of Certegy (which consent shall not be unreasonably withheld) or upon the occurrence of a Force Majeure Event.

b. The following sentence is added at the end of the section:

Except as provided in the first sentence of this Section 5.3(d), IBM may not change the location of any other aspects of the Services, and the delivery of Services without the prior written consent of Certegy, which may be withheld in its sole discretion.

5.7 Other Rights Upon Termination

For purposes of this Transaction Document and each other outstanding Transaction Document on the date hereof, Section 12.6(g) of the Master Agreement is modified to read as follows:

*** CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

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Upon the date of expiration or termination of the Agreement or any Transaction Document for any reason, the Certegy Group or its designee shall have the right to make offers of employment to any or all IBM employees performing Services on a substantially full time basis for the Certegy Group hereunder or under such Transaction Document, as applicable ("Service Employees"). Promptly after either Party provides the other Party written notice of termination or expiration, with the prior consent of each Service Employee (each of whom IBM will notify of Certegy's or its designee's interest), IBM agrees, subject to the agreement of the Service Employees, to supply Certegy or its designee with the names and resumes requested by Certegy or its designee for the purposes of exercising its rights under this Section 12.6, at no charge. Certegy's or its designee's rights under this Section 12.6 will take precedence over any IBM/employee employment contract or covenant that may otherwise limit an employee's right to accept employment with the Certegy Group or its designee.

5.8 COLA

The definition for "Cost of Living Adjustment ('COLA') in Section 2 of the Master Agreement shall not apply to this Transaction Document. All other references to Cost of Living Adjustment or COLA contained in the Master Agreement are hereby replaced by references to the ECA.

5.9 Schedules and Supplements

Following is a listing of the Schedules and the Supplement applicable to this Transaction Document.

Table of Attachments

Schedule	Schedule Title	Schedules Configured for Each Tower	Standard Schedules	Applicability
A	Applications Software	X		Each Tower
B	Systems Software	X		Each Tower
C	Certegy Provided Hardware	X		Each Tower
D	IBM Machines	X		Each Tower
E	Services and Operational and Financial Responsibilities	X		Each Tower
F	Leases, Licenses and other Contracts	X		Each Tower
G	Disaster Recovery Services	X		Each Tower

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H	Transition Plan	X	Each Tower
I	Network Locations	X	Network Tower
J	Charging Methodologies and Measures of Utilization	X	Common
K	Applications Installation Standards (Operating Environment IT Standards)	X	Each Tower
L	Security Procedures and Responsibilities—Data and Physical	X	Each Tower
M	Help Desk Services	X	Each Tower
N	Projects	X	Each tower
O	Affected Employees	X	Common
P	Maintenance Terms	X	Common
Q	Outstanding Employee Claims	X	Common
R	Service Transfer Assistance	X	Common
S	Performance Standards, Minimum Service Levels and Service Credits	X	Common
T	Certery Provided Office Furnishings and Facilities	X	Each Tower
U	Bill of Sale	X	Common
V	Key Employees	X	Common

Transaction Document US

March 5, 2003

CERTEGY/IBM CONFIDENTIAL

THE PARTIES ACKNOWLEDGE THAT THEY HAVE READ THIS TRANSACTION DOCUMENT, UNDERSTAND IT, AND AGREE TO BE BOUND BY ITS TERMS AND CONDITIONS. FURTHER, THE PARTIES AGREE THAT THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN THE PARTIES RELATING TO THIS SUBJECT SHALL CONSIST OF 1) THIS TRANSACTION DOCUMENT AND 2) THE MASTER AGREEMENT, INCLUDING AMENDMENTS TO THOSE DOCUMENTS FROM TIME TO TIME EXECUTED BY THE PARTIES. THIS STATEMENT OF THE AGREEMENT BETWEEN THE PARTIES SUPERSEDES ALL PROPOSALS OR OTHER PRIOR AGREEMENTS, ORAL OR WRITTEN, AND ALL OTHER COMMUNICATIONS BETWEEN THE PARTIES RELATING TO THE SUBJECT DESCRIBED HEREIN.

Accepted by:

Certery Inc.

By: _____

Authorized Signature

Accepted by:

International Business Machines Corporation

By: _____

Authorized Signature

Name (Type or Print)

Date

Transaction Document US

March 5, 2003

CERTEGY/IBM CONFIDENTIAL

Name (Type or Print)

Date

CERTEGY INC.
RATIO OF EARNINGS TO FIXED CHARGES
(\$ in thousands, except ratio data)

For the year ended December 31,

	1999	2000	2001	2002	2003
Earnings:					
Income before income taxes (1)	\$ 128,901	\$ 146,071	\$ 143,352	\$ 145,948	\$ 148,789
Add:					
Interest expense	901	1,301	7,200	7,120	7,950
Other adjustments	5,323	5,603	5,080	4,564	4,662
Total earnings	\$ 135,125	\$ 152,975	\$ 155,632	\$ 157,632	\$ 161,401
Fixed charges:					
Interest expense	\$ 901	\$ 1,301	\$ 7,200	\$ 7,120	\$ 7,950
Other adjustments	5,323	5,603	5,080	4,564	4,662
Total fixed charges	\$ 6,224	\$ 6,904	\$ 12,280	\$ 11,684	\$ 12,612
Ratio of earnings to fixed charges	21.71x	22.16x	12.67x	13.49x	12.80x

(1) Income before income taxes and cumulative effect of a change in accounting principle, but including minority interests.

For the purposes of calculating the ratio of earnings to fixed charges, fixed charges consist of interest on indebtedness, amortization of deferred financing costs, and an estimated amount of rental expense that is deemed to be representative of the interest factor.

CERTEGY SUBSIDIARIES

AGES Participações 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 (Thailand) Co., Ltd.
Certegy (Cayman Islands) Limited
Certegy Check Services, Inc.
Certegy E-Banking Services, Inc.
Certegy Europe LLC
Certegy Ezi-Pay Pty Ltd.
Certegy First Bankcard Systems, Inc.
Certegy France PLC
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
Certegy Transaction Services, Inc.
Credit Union Card Services, Inc.
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
The Ezi-Travel Club Pty Ltd.
Transax PLC
Viv plc

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-103266 pertaining to the Certegy Inc. Deferred Compensation Plan, Form S-8 No. 333-64462 pertaining to the Certegy Inc. 401(k) Plan, and Form S-8 No. 333-63342 pertaining to the Certegy Inc. 2001 Stock Incentive Plan and 2001 Non-Employee Director Stock Option Plan) of our report dated February 2, 2004, with respect to the consolidated financial statements of Certegy Inc. included in the Annual Report (Form 10-K) for the year ended December 31, 2003.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 12, 2004

NOTICE REGARDING CONSENT OF ARTHUR ANDERSEN LLP

Section 11(a) of the Securities Act of 1933, as amended (the "Securities Act"), provides that if any part of a registration statement at the time such part becomes effective contains an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may sue, among others, every accountant who has consented to be named as having prepared or certified any part of the registration statement, or as having prepared or certified any report or valuation which is used in connection with the registration statement, with respect to the statement in such registration statement, report or valuation which purports to have been prepared or certified by the accountant.

This Annual Report on Form 10-K is incorporated by reference into Registration Statement File Nos. 333-103266, 333-64462 and 333-63342 on Form S-8 (collectively, the "Registration Statements") of Certegy Inc. ("Certegy") and, for purposes of determining any liability under the Securities Act, is deemed to be a new registration statement for each Registration Statement into which it is incorporated by reference.

As recommended by Certegy's Audit Committee, Certegy's Board of Directors on April 4, 2002 decided to dismiss Arthur Andersen LLP ("Andersen") as Certegy's independent accountants. See Certegy's Current Report on Form 8-K filed April 5, 2002 for more information. After reasonable efforts, Certegy has been unable to obtain Andersen's written consent to the incorporation by reference into the Registration Statements of its audit reports with respect to Certegy's financial statements as of and for the fiscal years ended December 31, 2001 and 2000.

Under these circumstances, Rule 437a under the Securities Act permits Certegy to file this Form 10-K without a written consent from Andersen. However, as a result, with respect to transactions in Certegy securities pursuant to the Registration Statements that occur subsequent to the date this Annual Report on Form 10-K is filed with the Securities and Exchange Commission, Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Andersen or any omissions of a material fact required to be stated therein. Accordingly, you would be unable to assert a claim against Andersen under Section 11(a) of the Securities Act because it has not consented to the incorporation by reference of its previously issued reports into the Registration Statements. To the extent provided in Section 11(b)(3)(C) of the Securities Act, however, other persons who are liable under Section 11(a) of the Securities Act, including Certegy's officers and directors, may still rely on Andersen's original audit reports as being made by an expert for purposes of establishing a due diligence defense under Section 11(b) of the Securities Act.

CERTIFICATION PURSUANT TO RULE 13A-14(A) OR 15D-14(A) OF THE EXCHANGE ACT

I, Lee A. Kennedy, certify that:

1. I have reviewed this annual report on Form 10-K of Certegy Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2004

/s/ LEE A. KENNEDY

Lee A. Kennedy
Chairman, President and Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13A-14(A) OR 15D-14(A) OF THE EXCHANGE ACT

I, Michael T. Vollkommer, certify that:

1. I have reviewed this annual report on Form 10-K of Certegy Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 5, 2004

/s/ MICHAEL T. VOLLKOMMER

Michael T. Vollkommer
*Corporate Vice President and Chief
Financial Officer*

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned certifies, pursuant to 18 U.S.C. Section 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Annual Report on Form 10-K of Certegy Inc. (the "Company") for the year ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 5, 2004

/s/ LEE A. KENNEDY

Lee A. Kennedy
Chairman, President and Chief
Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned certifies, pursuant to 18 U.S.C. Section 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Annual Report on Form 10-K of Certegy Inc. (the "Company") for the year ended December, 31 2003 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 5, 2004

/s/ MICHAEL T. VOLLKOMMER

Michael T. Vollkommer
Corporate Vice President and Chief
Financial Officer

The following Non-GAAP Consolidated Statement of Income for the Year Ended December 31, 2001 is presented for informational purposes.

CERTEGY INC.
NON-GAAP CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2001
UNAUDITED
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Non-GAAP Adjustments			Non-GAAP
	GAAP	Spin-off(1)	SFAS 142(2)	
Revenues	\$ 935,971	\$ —	\$ —	\$ 935,971
Operating expenses:				
Costs of services	686,588	2,350	(8,560)	680,378
Selling, general and administrative expenses	97,964	900	—	98,864
	784,552	3,250	(8,560)	779,242
Operating income	151,419	(3,250)	8,560	156,729
Other income, net	78	—	—	78
Interest expense	(7,200)	(8,413)	—	(15,613)
Income before income taxes and minority interests	144,297	(11,663)	8,560	141,194
(Provision) benefit for income taxes	(56,276)	4,549	(1,309)	(53,036)
Minority interests in earnings, net of tax	(945)	—	—	(945)
Net income	\$ 87,076	\$ (7,114)	\$ 7,251	\$ 87,213
Basic:				
Earnings per share	\$ 1.27			\$ 1.28
Average shares outstanding	68,317			68,317
Diluted:				
Earnings per share	\$ 1.26			\$ 1.26
Average shares outstanding	69,063			69,063

A reconciliation of GAAP operating income of the Company's reportable segments to non-GAAP operating income for the year ended December 31, 2001 is as follows:

	Non-GAAP Adjustments			Non-GAAP
	GAAP	Spin-off(1)	SFAS 142(2)	
Operating income:				
Card Services	\$ 119,767	\$ —	\$ 7,637	\$ 127,404
Check Services	43,502	—	923	44,425
	163,269	—	8,560	171,829
General corporate expense	(11,850)	(3,250)	—	(15,100)
	\$ 151,419	\$ (3,250)	\$ 8,560	\$ 156,729

- (1) Spin-off adjustments include: a) additional operating expenses of \$3.2 million, 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) interest on the \$275 million of debt used to fund a cash payment to Equifax in conjunction with the spin-off, at an annual rate of LIBOR plus 100 basis points (5.76 percent for the six months ended June 30, 2001), plus amortization of financing costs over the three-year term of the debt; and c) the income tax benefit resulting from the non-GAAP adjustments using the Company's effective tax rate for the period.
- (2) Non-GAAP adjustment to exclude goodwill amortization expense in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," as if the standard had been effective on January 1, 2001.