

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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, 2004

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. 0-14948

---

**FISERV, INC.**

(Exact name of registrant as specified in its charter)

---

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

**255 FISERV DRIVE, BROOKFIELD, WISCONSIN**  
(Address of principal executive offices)

**39-1506125**  
(I.R.S. Employer  
Identification No.)

**53045**  
(Zip code)

Registrant's telephone number, including area code: (262) 879-5000

---

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

**NONE**  
(Title of Class)

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:**

**Common Stock, \$0.01 Par Value**  
(Title of Class)

**Preferred Stock Purchase Rights**  
(Title of Class)

---

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the 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.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2004: \$7,253,558,705.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of January 31, 2005: 193,264,003

**DOCUMENTS INCORPORATED BY REFERENCE:**

2004 Annual Report to Shareholders - Parts I, II, IV  
Proxy Statement for April 6, 2005 Annual Meeting of Shareholders - Part III

---

---

[Table of Contents](#)

**Fiserv, Inc. and Subsidiaries**  
**Form 10-K**  
December 31, 2004

	<u>Page</u>
<b><u>PART I</u></b>	
Item 1. <a href="#">Business</a>	1
Item 2. <a href="#">Properties</a>	11
Item 3. <a href="#">Legal Proceedings</a>	12
Item 4. <a href="#">Submission of Matters to a Vote of Security Holders</a>	12
<a href="#">Executive Officers of the Registrant</a>	12
<b><u>PART II</u></b>	
Item 5. <a href="#">Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities</a>	15
Item 6. <a href="#">Selected Financial Data</a>	15
Item 7. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	15
Item 7A. <a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	16
Item 8. <a href="#">Financial Statements and Supplementary Data</a>	16
Item 9. <a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	16
Item 9A. <a href="#">Controls and Procedures</a>	16
Item 9B. <a href="#">Other Information</a>	16
<b><u>PART III</u></b>	
Item 10. <a href="#">Directors and Executive Officers of the Registrant</a>	17
Item 11. <a href="#">Executive Compensation</a>	17
Item 12. <a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters</a>	17
Item 13. <a href="#">Certain Relationships and Related Transactions</a>	17
Item 14. <a href="#">Principal Accountant Fees and Services</a>	17
<b><u>PART IV</u></b>	
Item 15. <a href="#">Exhibits and Financial Statement Schedules</a>	18

**PART I**

**Special Note Regarding Forward-Looking Statements**

Certain matters discussed in this Annual Report on Form 10-K are “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as “believes,” “anticipates” or “expects,” or words of similar import. Similarly, statements that describe future plans, objectives or goals of Fiserv, Inc. (“Fiserv” or the “Company”) are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those currently anticipated. Factors that could affect results include, among others, economic, competitive, governmental, regulatory and technological factors affecting the Company’s operations, markets, services and related products, prices and other factors discussed in the Company’s prior filings with the Securities and Exchange Commission including the Company’s ability to complete the proposed sale of its securities clearing businesses. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Fiserv assumes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

**Item 1. Business**

Fiserv provides integrated data processing and information management systems to more than 16,000 financial services providers, including banks, credit unions, financial planners and investment advisers, insurance companies and agents, self-insured employers, leasing companies, lenders and savings institutions. The Company operates centers in the United States for full-service financial data processing, software system development, item processing and check imaging, technology support and related product businesses. The Company’s operations are principally domestic and in 2004 international operations constituted approximately 3% of total processing and services revenues through business support centers in Argentina, Australia, Canada, Colombia, Indonesia, the Philippines, Puerto Rico, Poland, Singapore and the United Kingdom.

The Company was formed in 1984 through the combination of two major regional data processing firms that began as the data processing operations of their parent financial institutions. Historically, these firms expanded operations by developing a range of services for their parent organizations, as well as other financial institutions. Since its organization, Fiserv has grown by developing highly specialized services and product enhancements, adding new clients and acquiring firms complementing the Fiserv organization.

**Business Strategy**

The market for products and services offered by financial institutions continues to undergo change. The financial industry introduces and implements new alternative lending and investment products with great frequency. The distinctions among financial services traditionally offered by banking and thrift organizations as well as by securities and insurance firms continue to narrow, as traditionally different entities compete for the same ultimate customers with competitive services. Financial institutions diversify and consolidate on an ongoing basis in response to market pressures, as well as under the auspices of regulatory agencies.

Although such market changes have led to consolidations that have reduced the number of financial institutions in the United States, consolidation has not resulted in a material reduction of the number of customers or financial accounts serviced by the financial industry as a whole.

## Table of Contents

To stay competitive in this changing marketplace, financial institutions are providing their customers with a broad variety of new products and services that are typically transaction-oriented and fee-based. The growing volume and types of transactions and accounts have increased the data processing requirements of these institutions. As a consequence, Fiserv believes that the financial services industry is one of the largest users of data processing products and services.

Moreover, Fiserv expects that the financial industry will continue to require significant commitments of capital and human resources to the information systems requirements, to require application of more specialized systems and to require development, maintenance and enhancement of applications software. Fiserv believes that economies of scale in data processing operations are essential to justify the required level of expenditures and commitment of human resources.

Fiserv provides financial institutions with software to run operations internally or to outsource services. Many financial institutions that previously developed their own software systems and maintained their own data processing operations have outsourced their data processing requirements by licensing their software from a third party or by contracting with third-party processors to reduce costs and enhance their products and services. Outsourcing can involve the licensing of software, which eliminates the costly technical expertise within a financial institution, or the utilization of service bureaus, facilities management or resource management capabilities. Fiserv provides all of these options to the financial industry.

In 2001, Fiserv expanded its scope of transaction processing from the financial industry to the processing of health claims primarily for employers that self-insure their health plans. These services include claim adjudication and payment, customer service, reporting and other related services.

In the health care market, as costs continue to rise, health plan sponsors continue to seek to reduce costs. Managed care companies and traditional third-party administrators, as well as many new niche specialty service providers, have turned their focus to broad cost-containment and related consulting needs or have sought to meet specific problems related to prescription management, health care administration or payment process requirements. These organizations seek to assist the health plan sponsors to reduce their absolute costs, to manage existing cost bases, to make themselves more efficient by the services they currently provide or to add services to existing offerings that seek over a longer term to reduce ultimate costs or improve efficiencies.

Fiserv has implemented a strategy of continuing to develop new products, improving the cost effectiveness of services provided to clients, aggressively soliciting new clients, and making both opportunistic and strategic acquisitions. In 2002, Fiserv acquired five businesses, with combined annual revenues of more than \$210 million and approximately 1,100 employees. In 2003, Fiserv acquired 12 businesses, with combined annual revenues of more than \$610 million and approximately 3,200 employees. In 2004, Fiserv acquired four businesses, with combined annual revenues of more than \$40 million and approximately 260 employees. The following is a summary of acquisitions made by Fiserv since its organization. Indicated by an asterisk are previously acquired businesses that are included in discontinued operations as a result of entry by Fiserv Clearing, Inc. into a definitive sales agreement involving the proposed disposition of Fiserv's securities clearing businesses. See "Discontinued Operations – Securities Clearing Services" herein.

### Acquisition History

<u>Formed</u>	<u>Acquired</u>	<u>Company</u>	<u>Service</u>
1964	July 1984	First Data Processing, Milwaukee, WI	Data processing
1971	July 1984	Sunshine State Systems, Tampa, FL	Data processing
1966	Nov. 1984	San Antonio, Inc., San Antonio, TX	Data processing

## Table of Contents

Formed	Acquired	Company	Service
1982	Oct. 1985	Sendero Corporation, Scottsdale, AZ	Asset/liability management
1962	Oct. 1985	First Trust Corporation, Denver, CO	Retirement plans
1962	Oct. 1985	First Retirement Marketing, Denver, CO	Retirement plan marketing
1973	Jan. 1986	On-Line, Inc., Seattle, WA	Data processing, forms
1966	May 1986	First City Financial Systems, Inc., Beaumont, TX	Data processing
1962	Feb. 1987	Pamico, Inc., Milwaukee, WI	Specialized forms
1975	Apr. 1987	Midwest Commerce Data Corp., Elkhart, IN	Data processing
1969	Apr. 1987	Fidelity Financial Services, Inc., Spokane, WA	Data processing
1965	Oct. 1987	Capbanc Computer Corp., Baton Rouge, LA (sold 1991)	Data processing
1971	Feb. 1988	Minnesota On-Line Inc., Minneapolis, MN	Data processing
1965	May 1988	Citizens Financial Corporation, Cleveland, OH	Data processing
1980	May 1988	ZFC Electronic Data Services, Inc., Bowling Green, KY	Data processing
1969	June 1988	GESCO Corporation, Fresno, CA	Data processing
1967	Nov. 1988	Valley Federal Data Services, Los Angeles, CA	Data processing
1984	Dec. 1988	Northeast Savings Data Services, Hartford, CT	Data processing
1982	May 1989	Triad Software Network, Ltd., Chicago, IL (sold 1996)	Data processing
1969	Aug. 1989	Northeast Datacom, Inc., New Haven, CT	Data processing
1978	Feb. 1990	Financial Accounting Services Inc., Pittsburgh, PA	Data processing
1974	June 1990	Accurate Data On Line, Inc., Titusville, FL	Data processing
1982	June 1990	GTE EFT Services Money Network, Fresno, CA	EFT networks
1968	July 1990	First Interstate Management, Milwaukee, WI	Data processing
1982	Oct. 1990	GTE ATM Networks, Fresno, CA	EFT networks
1867	Nov. 1990	Boston Safe Deposit & Trust Co. IP services, MA	Item processing
1968	Dec. 1990	First Bank, N.A. IP services, Milwaukee, WI	Item processing
1979	Apr. 1991	Citicorp Information Resources, Inc., Stamford, CT	Data processing
1980	Apr. 1991	BMS Processing, Inc., Randolph, MA	Item processing
1979	May 1991	FHLB of Dallas IP services, Dallas, TX	Item processing
1980	Nov. 1991	FHLB of Chicago IP services, Chicago, IL	Item processing
1977	Feb. 1992	Data Holdings, Inc., Indianapolis, IN	Automated card services
1980	Feb. 1992	BMS On-Line Services, Inc. (assets), Randolph, MA	Data processing
1982	Mar. 1992	First American Information Services, St. Paul, MN	Data processing
1981	July 1992	Cadre, Inc., Avon, CT (sold 1996)	Disaster recovery
1992	July 1992	Performance Analysis, Inc., Cincinnati, OH	Asset/liability management
1986	Oct. 1992	Chase Manhattan Bank, REALM Software, NY	Asset/liability management
1984	Dec. 1992	Dakota Data Processing, Inc., Fargo, ND	Data processing
1983	Dec. 1992	Banking Group Services, Inc., Somerville, MA	Item processing
1968	Feb. 1993	Basis Information Technologies, Atlanta, GA	Data processing, EFT
1986	Mar. 1993	IPC Service Corporation (assets), Denver, CO	Item processing
1973	May 1993	EDS' FHLB Seattle (assets), Seattle, WA	Item processing
1982	June 1993	Datatronix Financial Services, San Diego, CA	Item processing
1966	July 1993	Data Line Service, Covina, CA	Data processing
1978	Nov. 1993	Financial Processors, Inc., Miami, FL	Data processing
1974	Nov. 1993	Financial Data Systems, Jacksonville, FL	Item processing
1961	Nov. 1993	Financial Institutions Outsourcing, Pittsburgh, PA	Data processing
1972	Nov. 1993	Data-Link Systems, South Bend, IN	Mortgage banking services

## Table of Contents

Formed	Acquired	Company	Service
1985	Apr. 1994	National Embossing Company, Inc., Houston, TX	Automated card services
1962	May 1994	Boatmen's Information Systems of Iowa, Des Moines, IA	Data processing
1981	Aug. 1994	FHLB of Atlanta IP services, Atlanta, GA	Item processing
1989	Nov. 1994	CBIS Imaging Technology Banking Unit, Maitland, FL	Imaging technology
1987	Dec. 1994	RECOM Associates, Inc., Tampa, FL (sold 1998)	Network integration
1970	Jan. 1995	Integrated Business Systems, Glendale, CA	Specialized forms
1977	Feb. 1995	BankLink, Inc., New York, NY	Cash management
1976	May 1995	Information Technology, Inc., Lincoln, NE	Software and services
1957	Aug. 1995	Lincoln Holdings, Inc., Denver, CO	DP for retirement planning
1993	Sept. 1995	SRS, Inc., Austin, TX	Data processing
1992	Sept. 1995	ALLTEL's Document Management Services, CA, NJ	Item processing
1978	Nov. 1995	Financial Information Trust, Des Moines, IA	Data processing
1983	Jan. 1996	UniFi, Inc., Fort Lauderdale, FL	Software and services
1982	Nov. 1996	Bankers Pension Services, Inc., Tustin, CA	DP for retirement planning
1992	Apr. 1997	AdminaStar Communications, Indianapolis, IN	Laser print/mailling services
1982	May 1997	Interactive Planning Systems, Atlanta, GA	PC-based financial systems
1983	May 1997	BHC Financial, Inc., Philadelphia, PA*	Securities services
1968	Sept. 1997	FIS, Inc., Orlando, FL, and Baton Rouge, LA	Data processing
n/a	Sept. 1997	Stephens Inc. clearing business, Little Rock, AR*	Securities services
1986	Oct. 1997	Emerald Publications, San Diego, CA	Financial seminars and training
1968	Oct. 1997	Central Service Corp., Greensboro, NC	Data and item processing
1993	Oct. 1997	Savoy Discount Brokerage, Seattle, WA*	Securities services
1990	Dec. 1997	Hanifen, Imhoff Holdings, Inc., Denver, CO*	Securities services
1980		Automated Financial Technology, Inc., Malvern, PA	
	Jan. 1998		Data processing
1981	Feb. 1998	The LeMans Group, King of Prussia, PA	Automobile leasing software
n/a	Feb. 1998	PSI Group, Seattle, WA	Laser printing
1956	Apr. 1998	Network Data Processing Corporation, Cedar Rapids, IA	Insurance data processing
1977	Apr. 1998	CUSA Technologies, Inc., Salt Lake City, UT	Software and services
1982	May 1998	Specialty Insurance Service, Orange, CA	Insurance data processing
1985	Aug. 1998	Deluxe Card Services, St. Paul, MN	Automated card services
1981	Oct. 1998	FHLB of Topeka IP services, Topeka, KS	Item processing
n/a	Oct. 1998	FiCATS, Norristown, PA	Item processing
1984	Oct. 1998	Life Instructors, Inc., New Providence, NJ	Insurance/securities training
1994	Nov. 1998	ASI Financial, Inc., New Jersey and New York	PC-based financial systems
1986	Dec. 1998	The FREEDOM Group, Inc., Cedar Rapids, IA	Insurance data processing
1994	Jan. 1999	QuestPoint, Philadelphia, PA	Item processing
1981	Feb. 1999	Eldridge & Associates, Lafayette, CA	PC-based financial systems
1984	Feb. 1999	RF/Spectrum Decision Science Corporation, Oakland, CA	Software and services
1978	Mar. 1999	FIPSCO, Inc., Des Plaines, IL	Insurance marketing systems
1987	Apr. 1999	Progressive Data Solutions, Inc./Infinity Software Systems, Inc., Orlando, FL	Insurance software systems
1973	June 1999	JWGenesis Clearing Corporation, Boca Raton, FL*	Securities services
1987	June 1999	Alliance ADS, Redwood Shores, CA	Imaging technology
1962	Aug. 1999	Envision Financial Technologies, Inc., Chicago, IL	Data processing
1995	Oct. 1999	Pinehurst Analytics, Inc., Chapel Hill, NC (sold 2003)	PC-based financial systems
1982	Dec. 1999	Humanic Design Corporation, Mahwah, NJ (sold 2001)	Software and services

\* Companies included in Discontinued Operations (see p. 8)

## Table of Contents

Formed	Acquired	Company	Service
1983	Jan. 2000	Patterson Press, Inc., Nashville, TN	Card services
1982	May 2000	Resources Trust Company, Denver, CO	DP for retirement planning
1986	Sept. 2000	National Flood Services, Inc., Kalispell, MT	Insurance data processing
1982	Jan. 2001	Benefit Planners, Boerne, TX	Health plan management
n/a	Feb. 2001	Marshall & Ilsley IP services, IA, MN, MO	Item processing
1972	Mar. 2001	Facilities and Services Corp., Agoura Hills, Novato, CA	Insurance software systems
1991	Mar. 2001	Remarketing Services of America, Inc., Amherst, NY	Automobile leasing services
1982	July 2001	EPSIA Corporation, Austin, TX	Data processing
1996	July 2001	Catapult Technology Limited, London, England	Software and services
1985	Sept. 2001	FHLB of Pittsburgh IP services, Pittsburgh, PA	Item processing
1959	Nov. 2001	NCR bank processing operations, Dayton, OH	Data and item processing
1972	Nov. 2001	NCSI, Rockville, MD	Insurance data processing
1940	Nov. 2001	Integrated Loan Services, Rocky Hill, CT	Lending services
1954	Nov. 2001	Trewit Inc., Minneapolis, MN	Health plan management
n/a	Nov. 2001	FACT 400 credit card solution, Bogotá, Colombia	Software and services
1991	May 2002	Case Shiller Weiss, Inc., Cambridge, MA	Lending services
1974	Aug. 2002	Investec Ernst & Company's clearing operations, NY*	Securities clearing services
n/a	Nov. 2002	Willis Group's TPA operations, Nashville, TN, Wichita, KS	Health plan management
1989	Dec. 2002	EDS Corporation's Consumer Network Services business, Morris Plains, NJ	EFT data processing
1979	Dec. 2002	Lenders Financial Services, Agoura Hills, CA	Lending services
1989	Jan. 2003	AVIDYN, Inc., Dallas, TX	Health plan management
1982	Mar. 2003	Precision Computer Systems, Inc., Souix Falls, ND	Software and services
1998	Apr. 2003	ReliaQuote, Inc., Falls Church, VA	Insurance services
2002	May 2003	WBI Holdings Corporation, Wausau, WI	Health plan management
1994	July 2003	Electronic Data Systems Corporation's Credit Union Industry Group business, Plano, TX	Data processing
1986	July 2003	Chase Credit Systems, Inc. and Chase Credit Research, Inc, North Hollywood, CA	Lending services
1996	Sept. 2003	Unisure, Inc., Cincinnati, OH	Insurance data processing
1996	Sept. 2003	Insurance Management Solutions Group, Inc., St. Petersburg, FL	Insurance data processing
1998	Sept. 2003	GAC Holdings Corporation, Pittsburgh, PA	Lending services
1932	Oct. 2003	Federal Home Loan Bank of Indianapolis IP services, Indianapolis, IN	Item processing
1987	Nov. 2003	MI-Assistant Software, Inc., Eleva, WI	Insurance software systems
1999	Dec. 2003	MedPay Corporation, Memphis, TN	Health plan management
1994	Jan. 2004	RegEd, Inc., Morrisville, NC	Insurance/securities training
1996	Aug. 2004	Pharmacy Fulfillment, Inc., Huntingdon Valley, PA	Health plan management
1994	Aug. 2004	Results International Systems, Inc., Worthington, OH	Insurance data processing
1998	Oct. 2004	CheckAGAIN, LLC, Herndon, VA	Item processing

\* Companies included in Discontinued Operations (see p. 8)

---

## Table of Contents

### Principal Products and Services

The Company provides an extensive portfolio of products and services to enable banking, lending, insurance, health and investment providers to deliver anywhere, anytime financial services to their customer base.

The Company's operations have been classified into three primary business segments. The financial institution outsourcing, systems and services business segment provides account and transaction processing systems and services to financial institutions and other financial intermediaries; the health plan management services segment provides services primarily to employers who self-insure their health plan, including services such as handling payments to healthcare providers, assisting with cost controls, plan design services, medical provider administration, prescription benefit management and other related services; and the investment support services business segment that provides retirement plan administration services to individual retirement plan & pension administrators, financial planners and financial institutions.

Financial information concerning the Company's industry segments is included in Note 8 to the Consolidated Financial Statements contained in the Company's Annual Report to Shareholders included in this Annual Report on Form 10-K as Exhibit 13 and such information is incorporated herein by reference.

**Financial Institution Outsourcing, Systems and Services.** Fiserv provides financial services and products that are focused on technology needs to more than 9,400 financial institutions, including banks, credit unions, leasing and finance companies, mortgage lenders and savings institutions and 2,900 insurance companies.

*"Core" Products.* Fiserv delivers "core" products that integrate account servicing and management information functions for its financial institution clients, as well as ancillary value-added products and services that complement the "core" products. "Core" products include systems to process various customer deposit and loan accounts, a financial institution's general ledgers, central information files and other financial information and include the extensive security, report generation and other features required by a financial institution to process transactions for its depositors and other customers, as well as to meet its regulatory compliance requirements and its own management information needs. "Core" products are offered through on-line data transmission connections to Fiserv data processing centers, often called "service bureaus", or as stand-alone, in-house, licensed software for installation on client-owned computer systems.

While many clients contract to obtain all or a majority of their data processing requirements from Fiserv, the modular design of many of the Company's service bureau and software products allows a client to start with one application, such as a deposit system, and gradually add applications and features as needed. Fiserv supports a broad range of terminals and other client-owned peripheral devices manufactured by many different vendors. This support capability reduces the client's initial conversion expenses, enhances an existing client's ability to change equipment and broadens the Company's market.

*Bank and Thrift "Core" Products.* The Company's principal service bureau products used by banks, thrifts and savings institutions include Fiserv VISION®, Comprehensive Banking System ("CBS") outsourcing, Information Technology, Inc. ("ITI") Premier II outsourcing, and Source One. Fiserv also offers in-house licensed software products to its banking clients, including ITI Premier II, Precision Computer Systems Vision® and CBS. CBS is available both domestically and internationally through its International Comprehensive Banking System ("ICBS").

*Credit Union "Core" Products.* The principal "core" products offered to credit unions include the Summit Spectrum system; the GALAXY Plus Credit Union System; the Users DataSafe product; the Integrasys Premier, CUBE and CUBICSplus products; AFTECH Advantage®; XP Systems XP2® and several CUSA Technologies systems. Certain of these products are offered via a service bureau or as an in-house licensed software system or in both delivery modes.

*Insurance "Core" Products.* The insurance industry, like other financial industries, has requirements for basic administration services and information processing systems. Carriers, agents, distributors and third-party administrators rely on Fiserv for policy, rating, claims, billing and reinsurance administration, compliance, education and marketing support.



---

## Table of Contents

Fiserv offers a broad range of products and services targeted at the life and property and casualty insurance industry. These products and services include administration systems, such as Claims Workstation, Policy STAR and Specialty System for property and casualty and the Fiserv Life Insurance Solutions ID3 and Life Portraits systems for life, annuity and health requirements. Additionally, complete business process outsourced services are offered for flood insurance and information technology outsourcing services are available for all product sets. Regulatory and compliance products include Data Trax (life insurance and broker dealers representatives), Tracker (unclaimed property), Annual Statement 2000, Fiserv PATRIOT Manager, FRS and URS reinsurance systems, a financial suite of products FFS GL/AP, Fiserv Advanced Billing and Investment Manager. Results International Systems provides on-shore and off-shore outsourcing services for the property and casualty insurance industry. Fiserv FSC and MI Assistant market various comparative rating solutions for independent insurance agents and property and casualty carriers. Emerald Publications provides marketing and sales-related materials and services to the life insurance and financial planning industry. Reliaquote is a life insurance broker targeting the term life insurance marketplace.

*Complementary or Add-On Products.* In addition to the “core” products, Fiserv offers complementary products and back-office products and services. These products and services allow financial institutions to offer additional services to their clients such as home banking, automated teller machine access and other treasury and related services of varying complexity and sophistication, such as asset-liability modeling and cash management. Specifically, Fiserv offers products to its financial institution clients that allow them in turn to offer sophisticated banking services to their individual customers such as electronic funds transfer services offered by Fiserv EFT/CNS that include the ACCEL network and related ATM access services, as well as Internet banking products offered through Fiserv eSolutions that allow individual bank customers to bank from home.

Fiserv also offers its financial institution clients complementary or add-on products that amplify the “core” products such as item processing and imaging systems for the item processing needs of clients, treasury and investment management systems including a series of treasury management products sold under the BANKLINK® name and the CBS Worldwide MetaBank Portfolio Management and Investment Portfolio Accounting systems, as well as a suite of EPSIIA and Imagesoft electronic document management systems.

Finally, Fiserv has many other complementary product offerings that allow its financial institution clients to improve the management and efficiency of their businesses. Such products include IPS-Sendero decision support and performance measurement systems, including ASAP/Spectrum, DecisionServ and the VISION family of integrated software and support services that enhance a financial institution’s asset/liability management and profitability measurement capabilities; the CCS suite of products includes call center systems and the InformEnt data warehouse utilized for data warehousing and data mining; loan origination and tracking systems, including Fiserv Lending Solutions’ products such as *easyLENDER*® and UnFi PRO Mortgage offerings, MortgageServ, Integrated Loan Services including ILS Quickclose and Lenders Financial Services; real estate settlement services offered by Integrated Loan Services and General American Corp; credit reporting services and systems through Chase Credit; the Fiserv LeMans auto leasing software products and the Remarketing Services of America lease maturity systems and other products offered with regard to the termination of auto leases; and credit services offered by CBS Worldwide with its FACT 400 product and by Fiserv Credit Processing Services with The *PLUS* System. Fiserv also provides through Personix, plastic card issuance, design, personalization and mailing services, and document management products.

Fiserv offers these products and services through multiple delivery channels primarily in the United States.

**Health Plan Management Services.** Fiserv, through its five health plan management operating units, Benefit Planners, Benesight, Fiserv Health, Harrington Benefit Services and Wausau Benefits, provides a variety of services for the administration of health plans to customers nationwide. These

---

## Table of Contents

services include claim adjudication and payment, customer service, reporting and other related services. In addition, Fiserv provides these services to other health plan sponsors such as insurance companies and HMO's.

*Complementary and Other Products.* Through the operating units described below, Fiserv also offers additional complementary services to its health plan administration customers and others:

- Avidyn Health offers care management services ranging from traditional services, such as utilization management and case management, to newer disease management, population health and prevention programs.
- Innoviant and Innoviant Pharmacy offer prescription benefit management and pharmacy mail order services.
- Third Party Solutions and Direct Comp RX assist employers, insurers and retail pharmacies with the management and processing of workers' compensation prescriptions.
- poOne provides technology services to a variety of health care organizations for data management and claim repricing.

The Company has more than 1,700 client relationships in the Health plan management services area.

**Investment Support Services.** Fiserv provides a variety of administrative, custodial and processing services to individual investors, third-party retirement plan and pension administrators, investment advisors and financial planners, and financial intermediaries. The specific products offered include self-directed retirement plan administration services and mutual fund custody trading services. Fiserv Trust Company, Fiserv's principal trust company subsidiary, is the largest independent trust company in the United States.

Specific product offerings to financial advisors, individual and business holders of IRAs, Roth IRAs and other self-directed retirement investment vehicles include DATAlynx, providing trust and asset custody and back office services to investment advisers and other financial professionals; iFlex, a suite of 401(k) products for companies ranging in size up to 100 employees; OptionsPlus, a self-directed investment window for participants in a retirement plan that is sold to large institutional insurance companies that offer record keeping services and investment options to individuals; TRUSTlynx custody and electronic trading support services for daily valuation of retirement plan assets; and trust and custodial services that support the administration of self-directed retirement plans.

**Discontinued Operations – Securities Clearing Services.** On December 16, 2004, Fiserv entered into a Stock Purchase Agreement ("Agreement") among Fiserv Inc., Fiserv Clearing, Inc. and National Financial Services LLC ("National Financial") to sell its securities clearing businesses pursuant to which National Financial will acquire all of the outstanding shares of BHC Investments, Inc., a subsidiary of Fiserv ("BHC"), for approximately \$349 million in cash payable at closing, subject to certain post-closing adjustments, plus a contingent payment of up to \$15 million to be paid after the first anniversary of the closing date based on achievement of specific revenue targets. Consummation of the transaction is subject to customary conditions to closing, including receipt of regulatory approvals. The Agreement provides that Fiserv will be required to retain certain liabilities of BHC, including, among others, those relating to the previously announced Securities and Exchange Commission investigation of Fiserv Securities, Inc., a subsidiary of BHC. See Item 3. Legal Proceedings. The transaction is expected to be completed in the first quarter of 2005. The financial results of Fiserv's securities clearing businesses are reported as discontinued operations in Fiserv's consolidated financial statements.

## Servicing the Market

The markets for Fiserv's account and transaction processing services and products have specific needs and requirements, with strong emphasis placed by clients on software flexibility, product quality, service reliability, comprehensiveness and integration of product lines, timely introduction of new products and features, cost effectiveness and service excellence. Through its multiple product offerings, the Company believes it successfully services these market needs and requirements for clients ranging in size from start-ups to some of the largest financial services providers.

---

## **Table of Contents**

Fiserv offers clients a selection of information management and data processing products and services designed to meet the specific needs of the ever-changing financial services and health plan services industries. The Company believes its financial strength and primary focus on the financial services and health plan services industries helps its business development, client service and product support teams remain responsive to the technology needs of its markets.

“The Client Comes First” is one of the Company’s founding principles. It is a belief backed by a dedication to providing ongoing client service and support—no matter what size of client.

The Company believes its commitment of substantial resources to training and technical support helps it retain clients. Fiserv conducts the majority of its new and ongoing client training in its technology centers, where the Company maintains fully equipped demonstration and training facilities containing equipment used in the delivery of Fiserv services. Fiserv also provides local and on-site training services to its clients.

## **Product Development**

To meet the changing technology needs of the clients Fiserv serves, the Company continually develops, maintains and enhances its systems. In 2004, product development expenses represented approximately 6% of the Company’s processing and services revenues.

The Fiserv network of development and financial information technology centers applies the expertise of multiple Fiserv teams to design, develop and maintain specialized processing systems around its multiple technology platforms. The applications of its account processing systems meet the preferences and diverse requirements of the various international, national, regional or local market specific financial service environments of the Company’s many clients. If the client’s requirements warrant, Fiserv purchases software programs from third parties that are interfaced with existing Fiserv systems. In developing its products, Fiserv stresses interaction with and responsiveness to the needs of its clients.

Fiserv provides a dedicated solution that is designed, developed, maintained and enhanced according to each client’s goals for service quality, business development, asset and liability mix, local market positioning and other user-defined parameters.

## **Intellectual Property**

Fiserv regards its software as proprietary and utilizes a combination of trade secrecy laws, internal security practices and employee non-disclosure agreements for protection. The Company believes that legal protection of its software, while important, is less significant than the knowledge and experience of the Company’s management and personnel and their ability to develop, enhance and market new products and services. The Company believes that it holds all proprietary rights necessary for the conduct of its business.

## **Competition**

**Financial Institution Outsourcing, Systems and Services.** The market for information technology products and services within the financial industry is highly competitive. The Company’s principal competitors include internal data processing departments, data processing affiliates of large companies or large computer hardware manufacturers, independent computer service firms and processing centers owned and operated as user cooperatives. Some of these competitors possess substantially greater financial, sales and marketing resources than the Company. Competition for in-house data processing and software departments is intensified by the efforts of computer hardware vendors who encourage the growth of internal data centers.

---

## Table of Contents

Competitive factors for processing services include product quality, service reliability, product line comprehensiveness and integration, timely introduction of new products and features, and price. The Company believes that it competes favorably in each of these categories. In addition, the Company believes that its position as an independent vendor, rather than as a cooperative, an affiliate of a larger corporation or a hardware vendor, is a competitive advantage.

We compete with vendors that offer similar transaction processing products and services to financial institutions and other financial intermediaries, including The Bisys Group, Inc., Fidelity Information Services, Inc., Jack Henry and Associates, Inc., Metavante Corporation and Open Solutions, Inc. There has been significant consolidation among providers of information technology products and services to financial institutions, and we believe this consolidation will continue in the future.

**Health Plan Management Services.** The market for the Company's administrative services is highly competitive. The major competition for the Company's services comes from national and regional health insurance and managed care companies selling administrative services only. Many of the Company's competitors serve a larger number of customers, have greater financial resources and proprietary products. In addition, the self-insured health plan market is typically broker-controlled, highly price sensitive and frequently placed out for competitive bid. Significant competitors of the Company include Blue Cross organizations, UnitedHealth Group, Cigna and Aetna.

**Investment Support Services.** Several trust companies, the most notable of which is Delaware Charter, compete with the Company in custody services for self-directed retirement accounts. In the provision of services to financial advisors and the mutual fund trading area, Charles Schwab & Co., which handles a much larger volume of such trades, is the Company's most significant competitor.

### Government Regulation

The Company's data processing subsidiaries are not directly subject to federal or state regulations specifically applicable to financial institutions such as banks, thrifts and credit unions. However, as a provider of services to these financial institutions, the Company's data processing operations are examined on a regular basis by the Federal Deposit Insurance Corporation, the National Credit Union Association, the Office of Thrift Supervision, the Office of the Comptroller of the Currency and various state regulatory authorities. In addition, independent auditors annually review several of the Company's operations to provide internal control evaluations for its clients' auditors and regulators.

The Company's subsidiaries operating as part of the Company's health plan management services segment are subject to extensive regulatory oversight at both the federal and state levels. This regulatory oversight extends from annual reporting and licensing requirements imposed by most of the states in which these companies operate and continues on to extensive regulatory compliance requirements regarding day-to-day operating policies and procedures for the various operating units. In particular, there has been increasing levels of regulation regarding privacy and security related to patients' health care information. At the federal level the Health Insurance Portability and Accountability Act ("HIPAA"), governs the privacy and security of health information and imposes an extensive set of requirements on the Company's health plan management services group, as well as its customers. HIPAA applies to a majority of the health plan management services group's operations and requires these businesses to develop sophisticated compliance policies and procedures and contracts to protect against the unauthorized use or disclosure of health information. Many states have also adopted their own statutory rules for regulating the privacy and security of patient healthcare information and such state regulation is not generally pre-empted by the federal rules unless it is clearly inconsistent with the federal requirements. In addition to state and federal regulation, various customers require periodic audits of their health plan administrators to confirm compliance with standards of performance and these subsidiaries may be required to forfeit a portion of their fees if they fail to meet the required performance levels.

---

## **Table of Contents**

As a trust company under Colorado law, Fiserv Trust Company (formerly known as First Trust Corporation and Lincoln Trust Company) and Trust Industrial Bank, subsidiaries of the Company, are subject to the regulations of the Colorado Division of Banking. The Federal Deposit Insurance Corporation covers customer deposits of each of the Trust companies.

## **Employees**

Fiserv employs nearly 22,000 specialists in its information management centers and related product and service companies. This service support network includes employees with backgrounds in computer science and the financial and health industries, often complemented by management and other employees with direct experience in banks, credit unions, insurance companies and agencies, mortgage firms, savings and other financial services and health services business environments.

Fiserv employees provide expertise in sales and marketing; account management and client services; computer operations, network control and technical support; programming, software development, modification and maintenance; conversions and client training; and financial planning and related support services.

In supporting international markets, Fiserv works closely with its clients to help ensure their continued success. Fiserv employees speak the same language as their clients and also understand the differences in the style of doing business, as well as the product requirements and regulations unique to each client and its specific market.

Fiserv employees are not represented by a union, and there have been no work stoppages, strikes or organizational attempts. The service nature of the Fiserv business makes its employees an important corporate asset, and while the market for qualified personnel is competitive, the Company has not experienced significant difficulty with hiring or retaining its staff of top industry professionals. In assessing companies to acquire, the quality and stability of the prospective company's staff are emphasized.

Fiserv attributes its ability to attract and keep quality employees to, among other things, the Company's growth and dedication to state-of-the-art software development tools and hardware technologies.

## **Available Information**

The Company maintains a Website with the address [www.fiserv.com](http://www.fiserv.com). The Company is not including the information contained on the Company's Website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. The Company makes available free of charge (other than an investor's own Internet access charges) through its Website its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after the Company electronically files such material with, or furnishes such material to, the Securities and Exchange Commission.

## **Item 2. Properties**

Fiserv currently operates full-service data centers, software system development centers, and item processing and back-office support centers in over 150 cities. The Company owns 14 facilities; all other buildings in which centers are located are subject to leases expiring through 2005 and beyond. In addition, the Company maintains its own national data communication network consisting of communications processors and leased lines.

Fiserv believes its facilities and equipment are generally well maintained and are in good operating condition. The Company believes that the computer equipment it owns and its various facilities are adequate for its present and foreseeable business. Fiserv periodically upgrades its mainframe capability as needed. Fiserv contracts with multiple sites to provide processing back-up in the event of a disaster and maintains duplicate tapes of data collected and software used in its business in locations away from the Company's facilities.

---

## Table of Contents

### **Item 3. Legal Proceedings**

During 2004, the Company's broker-dealer subsidiary, Fiserv Securities, Inc. ("FSI"), responded to inquiries from the Securities and Exchange Commission (the "SEC") as part of its industry-wide review of mutual fund trading practices. FSI has engaged in settlement discussions with the SEC as a result of an SEC investigation of FSI with respect to these matters. As a result of these discussions, FSI has a reserve of \$15.5 million recorded at December 31, 2004 with respect to these matters. A portion of any settlement amount with the SEC may be non-deductible for tax purposes. While no settlement with the SEC has been reached and no assurance can be given that these matters will be settled consistent with the amounts reserved, the Company does not anticipate any further material liability arising out of the SEC investigation.

In the normal course of business, the Company and its subsidiaries are named as defendants in various lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which may ultimately result from such lawsuits are not expected to have a material adverse effect on the consolidated financial statements of the Company.

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

During the fourth quarter of the fiscal year covered by this report, no matter was submitted to a vote of security holders of the Company.

### **Executive Officers of the Registrant**

The executive officers of the Company as of February 25, 2005, together with their ages, positions and business experience are described below:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Leslie M. Muma	60	President and Chief Executive Officer
Kenneth R. Jensen	61	Senior Executive Vice President, Chief Financial Officer and Treasurer
Norman J. Balthasar	58	Senior Executive Vice President and Chief Operating Officer
Robert H. Beriault	53	Group President, Investment Support Services
James W. Cox	41	Group President, Health Solutions
Douglas J. Craft	51	Executive Vice President, Operating Group Chief Financial Officer
Mark J. Damico	36	Group President, Item Processing
Patrick C. Foy	50	Group President, Bank Servicing
Michael D. Gantt	53	Group President, Bank Systems
Thomas A. Neill	56	Group President, Credit Union & Industry Products
James C. Puzniak	58	Group President, Lending Systems & Services
Dean C. Schmelzer	54	Group President, Marketing & Sales
Charles W. Sprague	55	Executive Vice President, General Counsel, Chief Administrative Officer and Secretary
Terence R. Wade	45	Group President, Insurance Solutions

---

## Table of Contents

Mr. Muma has been a Director of the Company since it was established in 1984. He served as President and Chief Operating Officer of the Company from 1984 to 1999, when he was named President and Chief Executive Officer. On October 5, 2004, the Company announced that Mr. Muma plans to retire in June 2006.

Mr. Jensen has been Executive Vice President, Chief Financial Officer, Treasurer, Assistant Secretary and a Director of the Company since it was established in 1984. He was named Senior Executive Vice President in 1986.

Mr. Balthasar was named Senior Executive Vice President and Chief Operating Officer of the Company in October 2002. He was President and Chief Operating Officer of the Fiserv Financial Institution Group from 2000 to 2002. He served as Corporate Executive Vice President and President of the Savings and Community Bank Group from 1996 to 1999, when he was named President and Chief Operating Officer of the Fiserv Financial Institution Outsourcing Group. Mr. Balthasar has been with Fiserv and its predecessor company since 1974. On October 5, 2004, the Company announced that Mr. Balthasar plans to retire in 2008.

Mr. Beriault was named President of the Fiserv Investment Support Services Group in April 2002. He was President and Chief Operating Officer of the Fiserv Securities Group from 1999 to 2002. He served as Corporate Executive Vice President and President–Securities Processing Group from 1998 to 1999. From 1986 to 1998, Mr. Beriault was President of Lincoln Trust Company, which was acquired by the Company in 1995.

Mr. Cox was named President of the Health Solutions Group of the Company in April 2003. He joined Fiserv in November 2001 with the acquisition of Trewit, Inc., where he was President. Prior to joining Trewit, Mr. Cox was partner in Lund Koehler Cox & Arkema, a public accounting and consulting firm.

Mr. Craft was named Executive Vice President and Operating Group Chief Financial Officer of the Company in October 2002. He was Senior Vice President of Finance of the Fiserv Financial Institution Group from 2000 to 2002. He served as Senior Vice President of Finance of the Savings and Community Bank Group from 1996 to 1999. Mr. Craft has been with Fiserv since 1985.

Mr. Damico was named President of the Item Processing Group of the Company in May 2003. He has held executive roles at Intria Items, Inc., a subsidiary of Fiserv, since 1996, when he joined Intria as Senior Vice President and Chief Technology Officer. Prior to joining Intria, Mr. Damico was Senior Vice President of Strategic Initiatives for the Fiserv item processing business in the United States.

Mr. Foy was named President of the Bank Servicing Group of the Company in October 2002. He joined Fiserv in 2001 as President of the Direct Banking Division. Previously he was founder and CEO of Login & Learn, Inc. From 1978 to 1999, he was with M&I Data Services (Metavante) in a number of management positions, serving as President of the Outsourcing Business Group from 1995 to 1999.

Mr. Gantt was named President of the Bank Systems Group of the Company in August 2004. He was Chairman, President and Chief Executive Officer of Ephiny Corporation from 2003 to 2004. He served as President of the Fiserv Insurance Solutions Group from 2001 to 2003. He initially joined Fiserv in 2000 and served as Executive Vice President and Chief Operating Officer of the Insurance Solutions Group. Prior to joining Fiserv, he was Senior Vice President and Group Manager for Policy Management Systems Corporation's Claims and Risk Management Group.

Mr. Neill was named President of the Credit Union and Industry Products Group of the Company in October 2000. He was President of the Products and Services Division and Group President of the Industry Products and Services Group of the Company from 1993 to 2000.

Mr. Puzniak was named President of the Lending Systems and Services Group of the Company in October 2002. He served as President of the Bank Servicing Division II of the Company from 1995 to 2002 and as Senior Vice President of CBS Development from 1993 to 1995. Prior to joining Fiserv he held senior management positions at Citicorp Information Resources, Geac Computer and Financial Data Systems.

Mr. Schmelzer was named Group President, Marketing and Sales in February 2002. He served as Corporate Executive Vice President, Marketing and Sales for the Company from 1992 to 2002. Prior to joining Fiserv, he was Director of Commercial Analysis for IBM.

---

[Table of Contents](#)

Mr. Sprague has been Corporate Executive Vice President, General Counsel and Secretary since 1994, and Chief Administrative Officer of the Company since 1999. He has been involved with the Company's corporate and legal concerns since it was formed in 1984.

Mr. Wade was named President of the Insurance Solutions Group of the Company in April 2003. Prior to joining Fiserv, he was Senior Vice President and a Vice President of Finance with Policy Management Systems Corporation from 1996 to 2001. Earlier in his career, he held executive positions at several firms, including Conita Technologies, Inc. and First Image Management Company.



**PART II****Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**

Certain information required by this item is incorporated by reference to the information pertaining thereto set forth under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Price Information" in the Company's 2004 Annual Report to Shareholders (the "Annual Report").

The table below sets forth information with respect to purchases made by or on behalf of the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934) of shares of Company common stock during the three months ended December 31, 2004.

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup></u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup></u>
October 1 - 31, 2004	—	—	—	1,676,030
November 1 - 30, 2004	943,100	\$ 37.03	943,100	9,032,930
December 1 - 31, 2004	748,400	39.31	748,400	8,284,530
<b>Total</b>	<b>1,691,500</b>		<b>1,691,500</b>	

<sup>(1)</sup> In 1999, the Company's Board of Directors authorized the repurchase of up to 4.9 million shares of the Company's common stock which has been fully utilized as of December 31, 2004. In 2004, the Company's Board of Directors authorized the repurchase of an additional 8.3 million shares of the Company's common stock. As of December 31, 2004, the Company had the authority to repurchase 8,284,530 shares under that program. The repurchase authorization does not expire.

**Item 6. Selected Financial Data**

The information required by this item is incorporated by reference to the information set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations – Selected Financial Data" in the Annual Report.

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

The information required by this item is incorporated by reference to the information set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report.

---

**Table of Contents**

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

The information required by this item is incorporated by reference to the information set forth under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Market Risk” in the Annual Report.

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

The information required by this item is incorporated by reference to the information set forth under the captions “Consolidated Statements of Income,” “Consolidated Balance Sheets,” “Consolidated Statements of Shareholders’ Equity,” “Consolidated Statements of Cash Flows,” “Notes to Consolidated Financial Statements,” “Quarterly Financial Information” and “Report of Independent Registered Public Accounting Firm” in the Annual Report.

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

Not applicable.

**Item 9A. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934 (the “Exchange Act”), management, with the participation of the Company’s chief executive officer and chief financial officer, evaluated the design and operation of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, the Company’s chief executive officer and chief financial officer concluded that the Company’s disclosure controls and procedures were effective as December 31, 2004.

**Management’s Annual Report on Internal Control Over Financial Reporting**

The report of management required under this Item 9A is contained under the caption “Management’s Annual Report on Internal Control Over Financial Reporting” in the Annual Report.

**Attestation Report of Registered Public Accounting Firm**

The attestation report required under this Item 9A is contained under the caption “Report of Independent Registered Public Accounting Firm” in the Annual Report.

**Changes in Internal Controls Over Financial Reporting**

There was no change in the Company’s internal control over financial reporting that occurred during the quarter ended December 31, 2004, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

**Item 9B. Other Information**

Not applicable.

**PART III**

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

The information required by this item with respect to directors is incorporated by reference to the information set forth under the captions “Matter 1. Election of Directors,” “Information with Respect to Continuing Directors,” “Meetings of the Board of Directors and Committees of the Board of Directors,” “Nominations of Directors” and “Communications with Board of Directors” in the definitive Proxy Statement for the Company’s 2005 annual meeting of shareholders (the “Proxy Statement”). The information required by this item with respect to executive officers appears at the end of Part I of this Form 10-K. The information required by this item with respect to compliance with Section 16(a) of the Securities Exchange Act of 1934 by directors and officers is incorporated by reference to the information set forth under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement.

The Company has adopted a Code of Conduct that applies to all of the Company’s Directors and employees, including the Company’s Chief Executive Officer, Chief Financial Officer, Controller and other persons performing similar functions. The Company has posted a copy of the Code of Conduct on the “Company/Board of Directors” section of its website at [www.fiserv.com](http://www.fiserv.com). The Company intends to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendments to, or waivers from, the Code of Conduct by posting such information on the “Company/Board of Directors” section of its website at [www.fiserv.com](http://www.fiserv.com). The Company is not including the information contained on its website as part of, or incorporating it by reference into, this report.

**Item 11. Executive Compensation**

The information required by this item is incorporated herein by reference to the information set forth under the captions “Compensation of Directors,” “Compensation of Executive Officers,” “Agreements with Executive Officers” and “Stock Price Performance Graph” in the Proxy Statement.

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

The information required by this item is incorporated herein by reference to the information set forth under the captions “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement and “Matter 4. Approval of Stock Option and Restricted Stock Plan as Amended and Restated – Equity Compensation Stock Plan Information” in the Proxy Statement.

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

Not applicable.

**Item 14. Principal Accountant Fees and Services**

The information required by this item is incorporated herein by reference to the information set forth under the caption “Matter 2. The Ratification of the Selection of Deloitte & Touche LLP as the Independent Registered Public Accounting Firm of the Company for 2005” in the Proxy Statement.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

*(a) (1) Financial Statements:*

The consolidated financial statements of the Company as of December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004, together with the report thereon of Deloitte & Touche LLP, dated February 7, 2005, appear on pages 17 through 45 of the Company's Annual Report to Shareholders and Exhibit 13 to this Annual Report on Form 10-K, and are incorporated herein by reference.

*(a) (2) Financial Statement Schedule:*

The following financial statement schedule of the Company and related Report of Independent Registered Public Accounting Firm are included in this Annual Report on Form 10-K:

	<u>Page</u>
<a href="#">Report of Independent Registered Public Accounting Firm</a>	20
<a href="#">Schedule II—Valuation and Qualifying Accounts</a>	20

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

*(b) Exhibits:*

The exhibits listed in the accompanying exhibit index are filed as part of this Annual Report on Form 10-K.

---

[Table of Contents](#)

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 25, 2005.

FISERV, INC.

By /s/ Leslie M. Muma

Leslie M. Muma  
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 person on behalf of the registrant and in the capacities indicated on February 25, 2005.

<u>Signature</u>	<u>Capacity</u>
<u>/s/ Donald F. Dillon</u> Donald F. Dillon	Chairman of the Board
<u>/s/ Leslie M. Muma</u> Leslie M. Muma	Director, President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ Kenneth R. Jensen</u> Kenneth R. Jensen	Director, Senior Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)
<u>/s/ Daniel P. Kearney</u> Daniel P. Kearney	Director
<u>/s/ Gerald J. Levy</u> Gerald J. Levy	Director
<u>/s/ Glenn M. Renwick</u> Glenn M. Renwick	Director
<u>/s/ Kim M. Robak</u> Kim M. Robak	Director
<u>/s/ L. William Seidman</u> L. William Seidman	Director
<u>/s/ Thomas C. Wertheimer</u> Thomas C. Wertheimer	Director

[Table of Contents](#)

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Fiserv, Inc.:

We have audited the consolidated financial statements of Fiserv, Inc. and subsidiaries (the "Company") as of December 31, 2004 and 2003, and for each of the three years in the period ended December 31, 2004, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, and have issued our reports thereon dated February 7, 2005. Our audits also included the consolidated financial statement schedule of the Company listed in the accompanying index at Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP  
Milwaukee, Wisconsin  
February 25, 2005

**SCHEDULE II**  
**Valuation and Qualifying Accounts**

**Allowance for Doubtful Accounts**

<b>Year Ended December 31,</b>	<b>Beginning Balance</b>	<b>Charged to Expense <sup>(1)</sup></b>	<b>Write-offs <sup>(1)</sup></b>	<b>Acquired Allowance</b>	<b>Balance</b>
2004	\$25,884,000	\$20,592,000	\$ (19,357,000)	\$ 2,402,000	\$ 29,521,000
2003	13,168,000	5,089,000	(4,479,000)	12,106,000 <sup>(1)</sup>	25,884,000
2002	14,703,000	2,527,000	(4,248,000)	186,000	13,168,000

<sup>(1)</sup> The increase in 2004 in bad debt expense and write-offs is primarily attributable to acquisitions in the Company's Health segment in 2003.

---

## Table of Contents

### EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit Description</u>
2.1	Purchase Agreement among Fiserv Inc., Fiserv Clearing, Inc. and National Financial Services, LLC dated December 16, 2004. *
3.1	Restated Articles of Incorporation, as amended (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K dated February 28, 2000, and incorporated herein by reference (File No. 000-14948)).
3.2	By-laws, as amended and restated (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K dated February 27, 2004, and incorporated herein by reference (File No. 000-14948)).
4.1	Shareholder Rights Agreement (filed as Exhibit 4 to the Company's Current Report on Form 8-K dated February 23, 1998, and incorporated herein by reference (File No. 000-14948)).
4.2	First Amendment to the Shareholder Rights Agreement (filed as Exhibit 4.3 to the Company's Form S-8 dated April 7, 2000, and incorporated herein by reference (File No. 333-34310)).
4.3	Second Amendment to the Shareholder Rights Agreement (filed as Exhibit 4.6 to the Company's Form 10-K dated February 27, 2001, and incorporated herein by reference (File No. 000-14948)).  Pursuant to Item 601(b)(4)(iii) of Regulation S-K, the Company agrees to furnish to the Securities and Exchange Commission, upon request, any instrument defining the rights of holders of long-term debt that is not filed as an exhibit to this Form 10-K.
10.1	Fiserv, Inc. Stock Option and Restricted Stock Plan, as amended and restated (filed as Exhibit B to the Company's Proxy Statement for the 2005 Annual Meeting of Shareholders and incorporated herein by reference (File No. 000-14948)).
10.2	Fiserv, Inc. Executive Incentive Compensation Plan (filed as Exhibit A to the Company's Proxy Statement for the 2005 Annual Meeting of Shareholders and incorporated herein by reference (File No. 000-14948)).
10.3	Form of Key Executive Employment and Severance Agreement, between Fiserv, Inc. and each of Leslie M. Muma, Kenneth R. Jensen and Norman J. Balthasar (filed as Exhibit 10.3 to the Company's Form 10-K dated February 27, 2002 and incorporated herein by reference (File No. 000-14948)).
10.4	Form of Key Executive Employment and Severance Agreement, between Fiserv, Inc. and each of Robert H. Beriault, James W. Cox, Douglas J. Craft, Mark J. Damico, Patrick C. Foy, Michael D. Gantt, Thomas A. Neill, James C. Puzniak, Dean C. Schmelzer, Charles W. Sprague and Terence R. Wade (filed as Exhibit 10.4 to the Company's Form 10-K dated February 27, 2002 and incorporated herein by reference (File No. 000-14948)).

\* The schedules and exhibits to this document are not being filed herewith. The registrant agrees to furnish supplementally a copy of any such schedule or exhibit to the Securities and Exchange Commission upon request.

**EXHIBIT INDEX (continued)**

<b>Exhibit Number</b>	<b>Exhibit Description</b>
10.5	Fiserv Inc. Director Compensation Plan (filed as Exhibit 1.01 to the Company's Current Report on Form 8-K dated February 17, 2005, and incorporated herein by reference (File No. 000-14948)).
10.6	Form of Restricted Stock Agreement under the Fiserv, Inc. Stock Option and Restricted Stock Plan (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q dated October 22, 2004 and incorporated herein by reference (File No. 000-14948)).
10.7	Form of Employee Non-Qualified Stock Option Agreement for Employee Directors under the Stock Option and Restricted Stock Plan (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q dated October 22, 2004 and incorporated herein by reference (File No. 000-14948)).
10.8	Form of Employee Non-Qualified Stock Option Agreement for Outside Directors under the Stock Option and Restricted Stock Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q dated October 22, 2004 and incorporated herein by reference (File No. 000-14948)).
10.9	Form of Employee Non-Qualified Stock Option Agreement for Senior Management under the Stock Option and Restricted Stock Plan (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q dated October 22, 2004 and incorporated herein by reference (File No. 000-14948)).
13	2004 Annual Report to Shareholders (to the extent incorporated by reference herein).
21	List of Subsidiaries of the Registrant.
23	Independent Registered Public Accounting Firm's Consent.
31.1	Certification of the Chief Executive Officer, dated February 25, 2005.
31.2	Certification of the Chief Financial Officer, dated February 25, 2005.
32	Written Statement of the Chief Executive Officer and Chief Financial Officer, dated February 25, 2005.



STOCK PURCHASE AGREEMENT

among

FISERV, INC.,

FISERV CLEARING, INC.

and

NATIONAL FINANCIAL SERVICES LLC

---

Dated as of December 16, 2004

---

---

**TABLE OF CONTENTS**

	<b>Page</b>
ARTICLE I	1
SALE AND PURCHASE OF SHARES	
1.1	1
Basic Transaction	
1.2	1
Purchase Price	
1.3	1
The Closing	
1.4	2
Deliveries at the Closing	
1.5	2
Closing Adjustment to Preliminary Cash Payment	
1.6	3
Preparation of Closing Date Balance Sheet and Net Capital Schedule	
1.7	4
Post-Closing Adjustment to Preliminary Cash Payment	
1.8	5
Withholding	
ARTICLE II	5
REPRESENTATIONS AND WARRANTIES	
2.1	5
Representations and Warranties of Parent and Seller	
2.2	27
Representations and Warranties of Buyer	
ARTICLE III	28
COVENANTS	
3.1	28
Covenants of Parent and Seller	
3.2	35
Covenants of Buyer and Seller	
3.3	40
Section 338(h)(10) Election	
3.4	42
Cooperation	
3.5	42
Customer Communications	
3.6	43
Buyer Designee	
3.7	43
BHC Customer Loan Defaults	
ARTICLE IV	43
CONDITIONS PRECEDENT	
4.1	43
Conditions to Obligations of Each Party	
4.2	44
Conditions to Obligations of Buyer	
4.3	45
Conditions to Obligations of Seller	
ARTICLE V	46
TERMINATION	
5.1	46
Termination	
5.2	46
Effect of Termination	
ARTICLE VI	47
DEFINITIONS, MISCELLANEOUS	
6.1	47
Definition of Certain Terms	
6.2	56
Survival of Representations, Warranties and Covenants; Indemnification	

---

**TABLE OF CONTENTS**  
**(continued)**

	<u>Page</u>
6.3 Non-Competition/Non-Solicitation	62
6.4 Expenses; Transfer Taxes	63
6.5 Severability	64
6.6 Notices	64
6.7 Contingent Payment	65
6.8 Miscellaneous	66

---

EXHIBITS AND SCHEDULES

Schedule 1.5.3	
Schedule 1.6.1	— Draft Net Capital Schedule Adjustments
Schedule 2.1.1(a)	— Due Organization, Etc.
Schedule 2.1.1(c)	— Conflicts and Required Governmental Approvals or Notifications
Schedule 2.1.2(b)	— Equity Interests
Schedule 2.1.2(d)	— Other Investments
Schedule 2.1.4	— Obligations or Liabilities
Schedule 2.1.5	— Changes Since December 31, 2003
Schedule 2.1.6(a)	— Tax Returns; Payment of Taxes
Schedule 2.1.6(b)	— Tax Extensions
Schedule 2.1.6(c)	— Tax Filing Groups
Schedule 2.1.6(d)	— Tax Audits and Assessments
Schedule 2.1.6(e)	— Tax Sharing Arrangements
Schedule 2.1.6(h)	— Assertions of Jurisdiction
Schedule 2.1.7	— Real and Personal Property
Schedule 2.1.8(a)	— Contracts
Schedule 2.1.8(b)	— Contract Exceptions
Schedule 2.1.9(a)	— Intellectual Property
Schedule 2.1.9(b)	— Intellectual Property Infringements
Schedule 2.1.10	— Insurance Policies
Schedule 2.1.11(a)	— Compliance with Laws
Schedule 2.1.11(b)	— Governmental Approvals
Schedule 2.1.11(c)	— Investigations; Proceedings
Schedule 2.1.12	— Affiliate Transactions
Schedule 2.1.13(a)	— Regulatory Compliance; Broker-Dealers
Schedule 2.1.13(c)	— Registration Requirements
Schedule 2.1.13(d)	— Investigations; Proceedings
Schedule 2.1.13(e)	— BHC Policies and Procedures Noncompliance
Schedule 2.1.13(f)	— Investment Adviser
Schedule 2.1.13(i)	— Plan of Documents
Schedule 2.1.15(a)	— Benefit Plans
Schedule 2.1.15(b)	— Minimum Funding Standards, Etc.
Schedule 2.1.15(d)	— BHC Pension Plan Proceedings
Schedule 2.1.15(e)	— BHC Pension Plan Reportable Events
Schedule 2.1.15(m)	— WARN
Schedule 2.1.16	— Environmental Matters
Schedule 2.1.17	— Litigation
Schedule 2.1.20(a)(i)	— Customer Account Schedule
Schedule 2.1.20(a)(ii)	— Terminated Accounts
Schedule 2.1.20(b)	— Customer Data
Schedule 2.1.21	— Computer Systems

---

Schedule 2.2.1(c)	—	Consents and Notifications and Required Governmental Approvals
Schedule 3.1.1	—	Conduct of Business
Schedule 3.1.7	—	Intercompany Accounts
Schedule 3.1.8	—	Foreign Accounts
Schedule 3.2.3(c)	—	Seller Liabilities
Schedule 3.2.6(a)	—	Assignment to Seller
Schedule 3.2.6(b)	—	Assignment to Member of BHC Group
Schedule 3.7	—	Loans
Schedule 4.2.3	—	Required Consents
Schedule 4.2.8	—	Terms of Transition Services Agreement
Schedule 6.1	—	Targeted Net Capital
Schedule 6.2.2(a)(ix)	—	Litigation
Schedule 6.2.2(a)(xi)	—	Other Items

---

**STOCK PURCHASE AGREEMENT**

STOCK PURCHASE AGREEMENT, dated as of December 16, 2004, among Fiserv, Inc., a Wisconsin corporation ("Parent"), Fiserv Clearing, Inc., a Delaware corporation ("Seller"), and National Financial Services LLC, a Delaware limited liability company ("Buyer").

W I T N E S S E T H :

WHEREAS, Seller is the record and beneficial owner of all of the outstanding capital stock of BHC Investments, Inc., a Delaware corporation ("BHC").

WHEREAS, Buyer desires to purchase and Seller desires to sell all of the outstanding capital stock of BHC (the "BHC Shares") on the terms and conditions described in this Agreement.

WHEREAS, Buyer, Parent and Seller desire to make certain representations, warranties, covenants and agreements in connection with the purchase and sale of the BHC Shares and also to prescribe various conditions to the transaction.

NOW, THEREFORE, in consideration of the mutual promises, agreements, covenants, representations and warranties made herein and intending to be bound hereby, the parties hereto agree as follows:

**ARTICLE I  
SALE AND PURCHASE OF SHARES**

1.1 Basic Transaction. On and subject to the terms and conditions of this Agreement, at the Closing, Buyer will purchase from Seller, and Seller will sell, assign, transfer, convey and deliver to Buyer, legal and beneficial ownership of the BHC Shares for the consideration specified below in Section 1.2, free and clear of any Lien.

1.2 Purchase Price. Buyer agrees to pay to Seller (a) \$348,937,500 (which includes Targeted Net Capital) (the "Preliminary Cash Payment") and (b) the Contingent Payment (collectively, the "Purchase Price"). The Purchase Price shall be paid in accordance with Sections 1.4, 1.8 and 6.7, as applicable, and shall be adjusted pursuant to Sections 1.5, 1.6, 1.7 and 3.7.

1.3 The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Ballard Spahr Andrews & Ingersoll, LLP, in Philadelphia, Pennsylvania, commencing at 9:00 a.m. local time on the second Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the transactions contemplated hereby (other than conditions with respect to actions the respective parties will take at the Closing itself) or such other date as Buyer and Seller may mutually determine (the "Closing Date"), and shall be effective as of 11:59 p.m. on the Closing Date. All acts and proceedings to be taken and all documents to be executed and delivered by the parties at the Closing shall be deemed to have been taken and executed simultaneously, and,

except as permitted hereunder, no acts or proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

1.4 Deliveries at the Closing

1.4.1 Closing Deliveries By Seller. At the Closing, Seller or Parent, as applicable, will deliver or cause to be delivered to Buyer:

- (a) a stock certificate representing the BHC Shares, duly endorsed in blank or accompanied by stock powers and transfer forms duly executed in blank and requisite transfer tax stamps, if any, as may be necessary or desirable to effect the transactions described in Section 1.1;
- (b) a receipt duly executed by Seller acknowledging, on behalf of Seller and its Affiliates, payment of the Preliminary Cash Payment in the amount and manner provided in Section 1.2;
- (c) certificates representing all of the issued and outstanding equity interests of the Persons listed on Schedule 2.1.2(b);
- (d) all minute books, stock record books (or similar registries) and corporate (or similar) records and seals of each member of the BHC Group;
- (e) a receipt duly executed by Parent and each member of the BHC Group acknowledging, on behalf of Parent and each of its Subsidiaries, settlement of all intercompany receivables, payables, loans and investments then existing between Parent or any of its Subsidiaries that is not a member of the BHC Group, on the one hand, and the BHC Group, on the other hand, pursuant to Section 3.1.7; and
- (f) the various certificates, consents, instruments and documents referred to in Section 4.2 below.

1.4.2 Closing Deliveries by Buyer. At the Closing, Buyer will deliver or cause to be delivered to Seller:

- (a) the Preliminary Cash Payment; and
- (b) the various certificates, instruments and documents referred to in Section 4.3 below.

1.5 Closing Adjustment to Preliminary Cash Payment The Preliminary Cash Payment shall be adjusted as follows:

1.5.1 Higher Estimated Net Capital. If the Estimated Net Capital (determined in accordance with Section 1.6) exceeds Targeted Net Capital, the Preliminary Cash Payment to be paid at Closing shall be increased in an amount equal to such excess.

1.5.2 Lower Estimated Net Capital. If the Estimated Net Capital (determined in accordance with Section 1.6) is less than Targeted Net Capital, the Preliminary Cash Payment to be paid at Closing shall be decreased in an amount equal to such deficiency.

1.5.3 Adjustment to Preliminary Cash Payment and Contingent Payment. To the extent any foreign accounts of clients of BHC Correspondent Customers do not comply with Schedule 1.5.3 as of the Closing Date, excluding any such foreign accounts that Buyer has agreed to retain (the "Closed Foreign Accounts"), the annualized Net Revenue of the Closed Foreign Accounts that is part of the Annualized 2004 Customer Account Revenue shall be multiplied by 3.7 (the resulting product, the "Shortfall"). The amount of the Shortfall up to \$10,000,000 shall reduce the Preliminary Cash Payment by a like amount. The portion of the Shortfall over \$10,000,000, if any, shall reduce the maximum Contingent Payment in Section 6.7.1 by a like amount, but not below \$5,000,000. For purposes of Section 6.7.1 only, (i) the annualized 2004 Net Revenue for the Closed Foreign Accounts will reduce the Annualized 2004 Customer Account Revenue used to calculate the Contingent Payment and (ii) the Year One Net Revenue for the Closed Foreign Accounts will reduce the Qualifying Revenue used to calculate the Contingent Payment.

#### 1.6 Preparation of Closing Date Balance Sheet and Net Capital Schedule.

1.6.1 Estimated Net Capital Schedule. Within ten days prior to the expected Closing Date, Seller will, in consultation with Buyer, prepare and deliver to Buyer a schedule in the form and substance of Schedule 1.6.1 (the "Estimated Net Capital Schedule") setting forth, in reasonable detail, Seller's estimate of the Net Capital (the "Estimated Net Capital") as of the close of business on the Closing Date. The Estimated Net Capital Schedule shall be derived from an estimated balance sheet of BHC and its Subsidiaries as of the Closing Date prepared (a) in accordance with GAAP applied on a basis consistent with the preparation of the BHC Financial Statements, (b) to reflect (i) any dividends or distributions provided for in Section 3.1.1(g) and (ii) the settlements, dividends and assignments provided for in Sections 3.1.7, 3.2.6, 3.7, 4.2.6 and 4.2.10 and (c) in a manner consistent with the pre-closing adjustments that Buyer and Seller have agreed to with regard to the treatment of certain items as set forth on Schedule 1.6.1, notwithstanding that such adjustments and the treatment of such items may not be in accordance with GAAP or with Rule 15c3-1.

1.6.2 Draft Net Capital Schedule. Within seventy-five days after the Closing Date, Buyer will prepare and deliver to Seller a schedule in the form and substance of Schedule 1.6.1 (the "Draft Net Capital Schedule") setting forth, in reasonable detail and as of the Closing Date, Buyer's estimate of the Net Capital as of the close of business on the Closing Date. The Draft Net Capital Schedule shall be derived from a balance sheet of BHC and its Subsidiaries as of the Closing Date prepared (a) in accordance with GAAP applied on a basis consistent with the preparation of the BHC Financial Statements, (b) to reflect (i) any dividends or distributions provided for in Section 3.1.1(g) and (ii) the settlements, dividends and assignments provided for in Sections 3.1.7, 3.2.6, 3.7, 4.2.6 and 4.2.10, and (c) in a manner consistent with the pre-closing adjustments that Buyer and Seller have agreed to with regard to the treatment of certain items as set forth on Schedule 1.6.1, notwithstanding that such adjustments and the treatment of such items may not be in accordance with GAAP or with Rule 15c3-1 (as so adjusted in accordance with clauses (a), (b) and (c), the "Closing Date Balance Sheet"). In no event shall any



entitlement to a refund of penalties described in clause (i) of Schedule 2.1.6(a) be treated as an asset for purposes of the Closing Date Balance Sheet or Net Capital Schedule.

1.6.3 Objections. If Seller has any objections to the Draft Net Capital Schedule, it will deliver a statement describing its objections in reasonable detail to Buyer within thirty days after receiving the Draft Net Capital Schedule. If no objections are made within thirty days, the Draft Net Capital Schedule shall be conclusive and binding upon Buyer and Seller. If Seller raises any objections, Buyer and Seller will use reasonable efforts to resolve any such objections themselves. If Buyer and Seller do not obtain a final resolution within thirty days after Buyer has received the statement of objections, however, KPMG, LLP (or if KPMG, LLP is not independent or able to act, such other nationally recognized accounting firm as may be agreeable to Buyer and Seller) (the "Accounting Firm") will resolve any remaining objections within thirty days. Buyer will revise the Draft Net Capital Schedule as appropriate to reflect the resolution of any objections thereto pursuant to this Section 1.6.2. The "Net Capital Schedule" shall mean the Draft Net Capital Schedule, as it may be revised pursuant to this Section 1.6.2.

1.6.4 Expenses. In the event Buyer and Seller submit any unresolved objections to the Accounting Firm for resolution as provided in Section 1.6.2, Buyer and Seller will share responsibility for the fees and expenses of the Accounting Firm as follows:

(a) if the Accounting Firm resolves all of the remaining objections in favor of Buyer (the Net Capital so determined by Buyer is referred to herein as the Low Value"), Seller will be responsible for all of the fees and expenses of the Accounting Firm;

(b) if the Accounting Firm resolves all of the remaining objections in favor of Seller (the Net Capital so determined by Seller is referred to herein as the High Value"), Buyer will be responsible for all of the fees and expenses of the Accounting Firm; and

(c) if the Accounting Firm resolves some of the remaining objections in favor of Buyer and the rest of the remaining objections in favor of Seller (the Net Capital so determined is referred to herein as the "Actual Value"), Seller will be responsible for that fraction of the fees and expenses of the Accounting Firm equal to (x) the difference between the High Value and the Actual Value over (y) the difference between the High Value and the Low Value, and Buyer will be responsible for the remainder of the fees and expenses.

1.6.5 Work Papers. Buyer will make the work papers and back-up materials used in preparing the Closing Date Balance Sheet and the Draft Net Capital Schedule, and the books, records, and financial staff of BHC and its Subsidiaries, available to Seller and its accountants and other representatives at reasonable times and upon reasonable notice at any time during (A) the preparation by Buyer of the Closing Date Balance Sheet and the Draft Net Capital Schedule, (B) the review by Seller of the Closing Date Balance Sheet and the Draft Net Capital Schedule, and (C) the resolution by Buyer and Seller of any objections thereto.

1.7 Post-Closing Adjustment to Preliminary Cash Payment. The Preliminary Cash Payment will be adjusted as follows:

1.7.1 Higher Net Capital. If the Net Capital (determined on the basis of the Net Capital Schedule) exceeds the Estimated Net Capital, Buyer will pay to Seller an amount equal

to such excess (plus interest thereon at the Applicable Rate from the Closing Date) by wire transfer or delivery of other immediately available funds within three Business Days after the date on which the Net Capital for BHC and its Subsidiaries finally is determined pursuant to Section 1.6 above.

1.7.2 Lower Net Capital. If the Net Capital (determined on the basis of the Net Capital Schedule) is less than the Estimated Net Capital, Seller will pay to Buyer an amount equal to such deficiency (plus interest thereon at the Applicable Rate from the Closing Date) by wire transfer or delivery of other immediately available funds within three Business Days after the date on which the Net Capital for BHC and its Subsidiaries finally is determined pursuant to Section 1.6 above.

1.8 Withholding. Buyer shall be entitled to deduct and withhold from all payments otherwise required to be made by it hereunder such amounts as Buyer may be required to deduct and withhold from such payment under the Code or under any provision of state, local or foreign law. To the extent that amounts are so withheld by the Buyer, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the person in respect of whom such deduction and withholding was made by Buyer.

## ARTICLE II REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Parent and Seller. Parent and Seller, jointly and severally, represent and warrant to Buyer as follows:

2.1.1 Authorization; No Conflicts; Status of BHC Group, etc.

(a) Due Organization, etc. Schedule 2.1.1 (a) sets forth a correct and complete list of each member of the BHC Group, its form and jurisdiction of organization and each jurisdiction in which such member is qualified to do business. Each of Parent, Seller and each member of the BHC Group is a corporation, partnership or limited liability company duly organized, validly existing and in good standing under the laws of its respective jurisdiction of organization, with the requisite corporate, partnership or limited liability company power and authority, as applicable, to carry on its business as now conducted and to own or lease and to operate its properties as and in the places where such business is now conducted and such properties are now owned, leased or operated. Each of Parent, Seller and each member of the BHC Group is duly qualified to do business and is in good standing as a foreign corporation, partnership or limited liability company, as applicable, in all jurisdictions, except where the failure to be so qualified, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Parent, Seller or the BHC Group, as the case may be.

(b) Authorization, etc. Each of Parent and Seller has all requisite corporate power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, by Parent and Seller have been duly authorized by all requisite corporate action of Parent and Seller. This Agreement has been duly executed and delivered by Parent and Seller and constitutes the valid and legally

---

binding obligation of Parent and Seller, enforceable against Parent and Seller in accordance with its terms.

(c) No Conflicts. Except as set forth in Schedule 2.1.1(c), the execution and delivery of this Agreement by Parent and Seller and the consummation by Parent and Seller of the transactions contemplated hereby will not contravene, result in any violation of, loss of rights or default under, constitute an event creating rights of acceleration, termination, repayment or cancellation under, entitle any party to receive any payment or benefit pursuant to, or result in the creation of any Lien upon any of the properties or assets (which includes owned and leased properties or assets) of Parent, Seller or any member of the BHC Group under, (i) any provision of the Organizational Documents of Parent, Seller or any member of the BHC Group, (ii) any Applicable Law applicable to Parent, Seller or any member of the BHC Group or any of their respective properties, (iii) any commitment of Parent or any of its Subsidiaries or (iv) any agreement, contract or license to which Parent or any of its Subsidiaries is a party or any BHC Contract, except with respect to clauses (ii), (iii) and (iv), for any such contraventions, violations, losses, defaults, accelerations, terminations, repayments, cancellations or Liens that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Parent, Seller or the BHC Group. Except as set forth in Schedule 2.1.1(c), no Governmental Approval (other than pursuant to the HSR Act) or other Consent is required to be obtained or made by any member of the BHC Group in connection with the execution and delivery of this Agreement by Parent and Seller or the consummation by Parent and Seller of the transactions contemplated hereby.

(d) Organizational Documents, etc. Seller has made available to Buyer complete and correct copies of the Organizational Documents, as in effect on the date hereof, of each member of the BHC Group.

2.1.2 Capitalization.

(a) BHC. The authorized capital stock of BHC consists of 1,000 shares of Common Stock, of which 1,000 shares are issued and outstanding. All of the BHC Shares have been duly authorized and validly issued and are fully paid and non-assessable, and are owned beneficially and of record by Seller. Seller has good and marketable title to the BHC Shares, free and clear of any Liens. There are no voting trusts, stockholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the BHC Shares or any such interests.

(b) Other Members of the BHC Group. Schedule 2.1.2(b) sets forth a complete and correct description of the authorized capital stock or other equity interests of each member of the BHC Group (other than BHC) and the amount of such stock or other equity interests that are issued and outstanding. All of such outstanding shares of stock or other equity interests of each member of the BHC Group (other than BHC) have been duly authorized and validly issued and are fully paid and nonassessable, and are owned beneficially and of record by a member of the BHC Group or Seller, free and clear of any Liens. There are no voting trusts, stockholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the shares of stock or other equity interests of any member of the BHC Group (other than BHC).

(c) Other Agreements with Respect to BHC Group Securities. There are no preemptive or similar rights on the part of any Person with respect to the issuance of any securities or equity interests of any member of the BHC Group. There are no subscriptions, options, warrants or other similar rights, agreements or commitments of any kind obligating any member of the BHC Group to issue or sell, or to cause to be issued or sold, or to repurchase or otherwise acquire any of their own respective securities or equity interests or securities convertible into or exchangeable for, or any options, warrants or other similar rights relating to, any such securities or equity interests.

(d) Other Investments. Except as set forth in Schedule 2.1.2(d) and except for securities of and other interests in members of the BHC Group, investments in publicly traded securities acquired or held in the ordinary course of business as trading inventory and cash equivalents, no member of the BHC Group holds any outstanding securities or other interests in any corporation, partnership, company, joint venture or other entity.

**2.1.3 Financial Information: Books and Records and Customer Account Information.**

(a) Seller has delivered to Buyer the BHC Financial Statements. The BHC Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) applied on a consistent basis throughout the periods presented in the BHC Financial Statements; provided, however, that the unaudited BHC Financial Statements lack footnotes and other presentation items and are also subject to normal year-end adjustments, the effect of which adjustments will not, individually or in the aggregate, be materially adverse. The consolidated balance sheets of BHC and its Subsidiaries included in the BHC Financial Statements present fairly in all material respects the financial position of BHC and its Subsidiaries as at the respective dates thereof; and the consolidated statements of operations, statements of changes in stockholders’ equity and statements of cash flows of BHC and its Subsidiaries included in the BHC Financial Statements present fairly in all material respects the results of operations, stockholders’ equity and cash flows of BHC and its Subsidiaries for the respective periods indicated.

(b) The BHC Financial Statements were prepared in accordance with the Books and Records of the BHC Group, as applicable. The Books and Records of the BHC Group: (i) reflect all items of income and expense and all the assets and liabilities necessary to derive the BHC Financial Statements in accordance with GAAP, (ii) are in all material respects complete, and do not contain or reflect any material inaccuracies or discrepancies and (iii) have been maintained in accordance with good business and accounting practices.

(c) The minute books of each member of the BHC Group which pertain to the five-year period ending on the date of this Agreement contain accurate records of those meetings and accurately reflect those actions taken by the stockholders, the members and the board of directors (or equivalent body) of each member of the BHC Group and all the committees of the board of directors of each member of the BHC Group required to be contained or reflected therein. All of the Books and Records or Customer Account Information of any member of the BHC Group are under the exclusive ownership and control of such member of the BHC Group and are recorded, stored, maintained, operated or otherwise wholly or partly dependent on or

held by any means (including any electronic, mechanical, microfiche or photographic process, whether computerized or not) that (including all means of access thereto and therefrom) is under the control of each member of the BHC Group.

(d) The BHC Group maintains a system of internal accounting controls sufficient to provide reasonable assurance that with respect to the business conducted by the BHC Group (i) material transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements of the BHC Group in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(e) The Customer Account Information has been maintained in accordance with United States Applicable Law. The Books and Records and Customer Account Information of the BHC Group (other than those that are in the form of electronic mail) are in a format that can be retrieved without unreasonable effort or expense in response to any customer request or inquiry from any Governmental Authority for the period required by Applicable Law. The Books and Records and Customer Account Information of the BHC Group that are in the form of electronic mail are in a format that can be retrieved in response to any customer request or inquiry from any Governmental Authority for the period required by Applicable Law.

2.1.4 Undisclosed Liabilities. Except as set forth on Schedule 2.1.4, no member of the BHC Group is subject to any obligation or liability of any nature, whether absolute, accrued, contingent or otherwise and whether due or to become due, and, to the Knowledge of Seller, there is no existing condition, situation or set of circumstances which would reasonably be expected to result in such an obligation or liability, other than (i) obligations and liabilities contemplated by or in connection with this Agreement or the transactions contemplated hereby, (ii) as and to the extent disclosed or reserved against in the audited consolidated balance sheet as at December 31, 2003 included in BHC Financial Statements, (iii) obligations and liabilities incurred since December 31, 2003 in the ordinary course of business consistent with past practices and not prohibited by this Agreement and (iv) obligations and liabilities that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the BHC Group.

2.1.5 Absence of Changes. Since December 31, 2003, except (i) as set forth in Schedule 2.1.5, (ii) as reflected or reserved against in the BHC Financial Statements, or (iii) as contemplated by or in connection with this Agreement or the transactions contemplated hereby (including, without limitation, in Section 3.1.1 of this Agreement), the business of the BHC Group has been conducted in the ordinary course consistent with past practices and no member of the BHC Group (and, with respect to clause (r), neither Seller nor any of its Affiliates) has:

(a) undergone any change in its business, financial condition, results of operations or properties (other than changes resulting solely from general economic or political conditions) that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect on the BHC Group;

---

(b) declared, set aside, made or paid any dividend or other distribution in respect of its capital stock, or repurchased, redeemed or otherwise acquired any shares of its capital stock, except in the ordinary course of business consistent with past practices (which past practices shall include, but not be limited to, the payment by BHC of the BHC Group's allocable share of the Income Taxes of the Seller Group for any Pre-Closing Period, whether through a declaration and payment of dividends by BHC or through other means);

(c) issued or sold any shares of its capital stock, securities treated as equity interests in any member of the BHC Group for federal income tax purposes or any options, warrants or other similar rights, agreements or commitments of any kind to purchase any such shares or securities or any securities convertible into or exchangeable for any such shares or securities;

(d) incurred, assumed, guaranteed (including by way of any agreement to "keep well" or of any similar arrangement) or prepaid any Indebtedness or amended the terms relating to any Indebtedness, or issued or sold any debt securities not in the ordinary course of business and in excess of \$500,000;

(e) made any loan or modified any material term of any outstanding loan (except as required by Applicable Law) to any BHC Customer, except for loans made or terms modified in the ordinary course of business consistent with past practice;

(f) sold, transferred, assigned, conveyed, mortgaged, pledged or otherwise subjected to any Lien any of its properties or assets (which includes owned or leased properties or assets), tangible or intangible, except for BHC Permitted Encumbrances or in the ordinary course of business consistent with past practices;

(g) entered into any agreement or commitment involving payment by the BHC Group of more than \$250,000 that, pursuant to its terms, is not cancelable without penalty on 60 days' notice or less;

(h) paid (or committed to pay) any bonus or other incentive compensation to any director, partner, officer or other employee (other than a new hire) or granted (or committed to grant) to any director, partner, officer or other employee any other increase in compensation, except for bonuses payable pursuant to any plan listed on Schedule 2.1.5, base salary or wage increases, in each case in the ordinary course of business consistent with past practices or pursuant to the terms of any written agreement or commitment existing at December 31, 2003;

(i) entered into, adopted or amended (or committed to enter into, adopt or amend) in any material respect any employment, separation, retention, change in control, collective bargaining, deferred compensation, retirement, bonus, profit-sharing, stock option or other equity, pension or welfare plan, contract or other arrangement with an independent contractor or agreement maintained for the benefit of any director, partner, officer, or other employee;

(j) suffered any strike or other labor dispute or controversies, including unresolved grievances, arbitrations or unfair labor practice charges that has had or could reasonably be expected to have a Material Adverse Effect on the BHC Group;

(k) amended its Organizational Documents;

(l) granted any rights or licenses under any of its trademarks or trade names or other BHC Intellectual Property or entered into any licensing or similar agreements or arrangements other than in the ordinary course of business consistent with past practices;

(m) made any material changes in its general policies or practices relating to selling practices, discounts or other material terms of sale or accounting therefor other than in the ordinary course of business consistent with past practices;

(n) changed in any material respect its accounting practices, methods, policies or principles, other than any such changes as may be required under GAAP;

(o) suffered any damage, destruction or other casualty loss (whether or not covered by insurance) affecting its properties or assets (which includes owned and leased properties and assets) which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the BHC Group;

(p) merged with, entered into a consolidation with, or acquired an interest of five percent (5%) or more in any Person or acquired a substantial portion of the assets or business of any Person or any division or line of business thereof, or otherwise acquired any material assets;

(q) made any capital expenditure or commitment for any capital expenditure in excess of \$250,000;

(r) made any elections with respect to Taxes that affect any member of the BHC Group, changed any method of accounting for Tax purposes of any member of the BHC Group or of any consolidated, combined, unitary or similar group that included a member of the BHC Group or settled or agreed to an entry of judgement with respect to any dispute involving Tax matters of any member of the BHC Group; or

(s) taken any action or omitted to take any action that would result in the occurrence of any of the foregoing.

#### 2.1.6 Taxes.

(a) Filing of BHC Tax Returns and Payment of Taxes Except as set forth on Schedule 2.1.6(a), all material Seller Group Tax Returns and all material BHC Tax Returns required to be filed on or before the date hereof have been filed with the proper Governmental Authorities and are true, correct and complete in all material respects, and all material Seller Group Tax Returns and all material BHC Tax Returns required to be filed on or before the Closing Date will have been filed by the Closing Date in accordance with Applicable Law and will be true, correct and complete in all material respects. Except for Taxes set forth on Schedule 2.1.6(a) (which are being contested in good faith and by appropriate proceedings), all material Taxes of any member of the BHC Group and all material Taxes of each Seller Group (in each case whether or not shown on a BHC Tax Return or a Seller Group Tax Return) due and payable on or before the Closing Date have (or, in the case of Taxes that become due after the

date hereof and on or before the Closing Date, by the Closing Date will have) been duly paid. Except as set forth on Schedule 2.1.6(a), all material BHC Employment and Withholding Taxes required to be withheld and paid on or before the date hereof, and all material BHC Employment and Withholding Taxes required to be withheld and paid on or before the Closing Date, have (or, in the case of such BHC Employment and Withholding Taxes that are required to be withheld and paid after the date hereof and on or before the Closing Date, by the Closing Date will have) been duly paid to the proper Governmental Authority (and in the case of BHC Employment and Withholding Taxes required to be withheld on or before the Closing Date and paid after the Closing Date, will be properly set aside in accounts for such purpose).

(b) Extensions, etc. Except as set forth on Schedule 2.1.6(b), (i) there are currently in effect no extensions or waivers of the time for assessing or collecting any Taxes of any member of the BHC Group or any Taxes of any Seller Group and there are currently in effect no powers of attorney with respect to Tax matters involving any member of the BHC Group, (ii) neither Seller nor any of its Affiliates has requested any extension of time within which to file any Seller Group Tax Return that has not been filed within such extension period; (iii) no member of the BHC Group has requested any extension of time within which to file any BHC Tax Return that has not been filed within such extension period; (iv) there are no requests for rulings in respect of any BHC Taxes pending between any member of the BHC Group and any Governmental Authority; (v) no member of the BHC Group has received a ruling from any Governmental Authority regarding Taxes that remains in effect; and (vi) no member of the BHC Group has entered into an agreement with any Governmental Authority regarding Taxes which remains in effect.

(c) Tax Filing Groups. Except as set forth on Schedule 2.1.6(c), no member of the BHC Group (i) is or has been at any time within the last six (6) years a member of any affiliated, consolidated, combined or unitary group for Tax purposes other than the Seller Group or (ii) has any liability for the Taxes of any person (other than, in the case of clause (w), the Seller Group) (w) under Section 1.1502-6 of the United States Treasury Regulations, or any similar provision of state, foreign or local law, (x) as a transferee, successor, indemnitor or guarantor, (y) by contract or (z) otherwise.

(d) Copies of BHC Tax Returns; Audits; etc. Except as set forth in Schedule 2.1.6(d), Seller has made available to Buyer complete and accurate copies of all BHC Tax Returns as filed and, if applicable, as amended, with respect to all open tax periods that have been filed. Except as set forth on Schedule 2.1.6(d), (i) no Taxes have been asserted by any Governmental Authority to be due in respect of any open tax period of any Seller Group or any member of the BHC Group that have not been settled and fully paid as settled, (ii) no revenue agent's report or written assessment for Taxes of any Seller Group or any member of the BHC Group has been received by Seller or any of its Affiliates for any open tax period and (iii) no issue has been raised by any Governmental Authority in a writing received by Seller or any of its Affiliates that has not been resolved with respect to Taxes of any Seller Group or any member of the BHC Group.

(e) Tax Sharing Agreements. Except as set forth on Schedule 2.1.6(e), no member of the BHC Group is a party to or bound by or has any contractual obligation under any Tax sharing agreement or arrangement.



(f) Tax Classification. Each member of the BHC Group is treated as a corporation and as a “United States person” for U.S. federal income tax purposes. No member of the BHC Group owns an interest in an entity that is treated as a partnership for federal income tax purposes.

(g) Eligibility for Section 338(h)(10) Election. Seller owns all of the interests in BHC that are treated as equity for U.S. federal income tax purposes. All of the interests in each member of the BHC Group (other than BHC) that are treated as equity for U.S. federal income tax purposes are owned by a single other member of the BHC Group. Parent is and will on the Closing Date be the “common parent” (as defined in Treasury Regulations Section 1.1502-77(a)(1)(i)) of a U.S. federal consolidated return group that includes Seller, BHC and each member of the BHC Group. Parent is eligible to join with Buyer (or the common parent of a U.S. federal consolidated return group that includes Buyer) in making the elections provided for in Section 3.3 hereof.

(h) Assertions of Jurisdiction. Schedule 2.1.6(h) sets forth a list of the states, territories and jurisdictions (foreign and domestic) to which any material Tax has been paid by any member of the BHC Group or by Seller Group in respect of operations of any member of the BHC Group, indicating the type of Tax paid. No claim has been made by any Governmental Authority (i) in any other state, territory or jurisdiction that any member of the BHC Group (or any Seller Group by virtue of the activities of any member of the BHC Group) is or may be subject to Tax in that jurisdiction or (ii) in any such state, territory or jurisdiction that any member of the BHC Group (or any Seller Group by virtue of the activities of any member of the BHC Group) is or may be subject to a type of Tax not indicated for such jurisdiction on Schedule 2.1.6(h).

(i) Specified Tax Items. No member of the BHC Group is a party to any “safe harbor lease” that is subject to the provisions of Section 168(f)(8) of the Internal Revenue Code as in effect prior to the Tax Reform Act of 1986, or to any “long-term contract” within the meaning of Section 460 of the Code. None of the assets or properties of any member of the BHC Group constitutes tax-exempt use property under Section 168 of the Code. Seller is not a foreign person as used in Section 1445 of the Code, and Buyer is not required to withhold tax on the acquisition of the Shares by reason of Section 1445 of the Code. No member of the BHC Group has participated in an international boycott as defined in Section 999 of the Code. No member of the BHC Group is required to make any adjustment under Section 481 (a) of the Code by reason of a change in accounting method or otherwise for a period after the Closing Date. No member of the BHC Group has been the “distributing corporation” (within the meaning of Section 355(e)(2) of the Code) with respect to a transaction described in Section 355 of the Code.

(j) Required Disclosure of Reportable Transactions. No member of the BHC Group has entered into any transaction that constitutes a “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4(b) or a “potentially abusive tax shelter” within the meaning of Section 6112(b) of the Code or which is required to be disclosed under provisions of state law similar to Treasury Regulations Section 1.6011-4.

2.1.7 Properties and Assets. Schedule 2.1.7 sets forth a complete and correct list, as of the date hereof, of all real property leased by any member of the BHC Group, including

the names of each of the parties to the applicable lease, the location of the applicable property and the applicable lease documents. None of the members of the BHC Group owns any real property. Each member of the BHC Group has valid title to all material personal property owned by it, and valid leasehold interests in all real and material personal property leased by it, in each case free and clear of all Liens, except (i) Liens specified in Schedule 2.1.7 or reflected in the BHC Financial Statements, (ii) Liens for taxes not yet delinquent or which are being contested in good faith by appropriate proceedings if adequate reserves with respect thereto are maintained on its books in accordance with GAAP, (iii) statutory Liens incurred in the ordinary course of business consistent with past practices that have not had and could not reasonably be expected to have a Material Adverse Effect on the BHC Group and (iv) Liens which do not materially detract from the value or materially interfere with the use of the properties affected thereby (the exceptions described in the foregoing clauses (i), (ii), (iii) and (iv) being referred to collectively as “BHC Permitted Encumbrances”). Schedule 2.1.7 sets forth a list of each Lease under which any member of the BHC Group is a lessee as to which the consummation by Seller of the transactions contemplated hereby would result in a violation of, loss of rights or default under or constitute an event creating rights of acceleration, termination or cancellation under such Lease. The Leases are the only documents between the parties thereto with respect to the subject matter thereof. No lessor or lessee under any real property Lease has exercised any right to (i) cancel such Lease or shorten or lengthen the term thereof, (ii) lease additional premises, (iii) reduce, relocate or expand the premises demised by such Lease, or (iv) purchase any property. No portion of any security deposit has been applied and the landlord is holding the full amount of any security deposit required under the applicable Lease. All rent, fees and other payments due under each Lease have been fully paid. Each Lease was negotiated at arms'-length and the tenant and landlord thereunder are not affiliated. Each premises demised by a Lease is in good condition and repair. The real property demised by the Leases is the only real property necessary for the business of the members of the BHC Group and no member of the BHC Group uses or occupies other real property other than the Denver Leases.

#### 2.1.8 Contracts.

(a) Schedule of Contracts, etc. Schedule 2.1.8(a) sets forth a correct and complete list, as of the date hereof, of all BHC Contracts. The term “BHC Contracts” means all agreements, contracts, licenses and commitments, including material oral agreements, of the following types to which any member of the BHC Group is a party or by which any member of the BHC Group or its respective properties is bound and which is currently in effect, as amended, supplemented, waived or otherwise modified as of the date hereof: (i) “dual employee” contracts, clearing services contracts and contracts for the performance of other services provided to financial intermediaries (other than financial intermediaries that are customers of BHC Correspondent Customers); (ii) employment, retention, material independent contractor arrangements, change in control and collective bargaining agreements, if any, with any directors, officers, other employees, or trade unions, of any member of the BHC Group; (iii) mortgages, indentures, security agreements relating to indebtedness for borrowed money, letters of credit, promissory notes, loan agreements and other material agreements, guarantees and instruments relating to the borrowing of money or extension of credit; (iv) material licenses and other similar material agreements involving Intellectual Property; (v) joint venture, partnership and similar agreements; (vi) stock purchase agreements, asset purchase agreements and other acquisition or divestiture agreements; (vii) personal property leases providing for annual rentals of \$250,000 or

more; (viii) agreements, contracts and commitments for the purchase or sale of supplies, services, equipment or other assets that provide for annual payments of \$500,000 or more; (ix) any other agreements, contracts, licenses or commitments that are material to the business, financial condition, results of operations or properties of any member of the BHC Group; (x) any guaranty (including by way of any agreement to “keep well” or any similar arrangements) of any of the foregoing and (xi) the Leases. No member of the BHC Group has made any loan which is secured by a mortgage or services any mortgages or otherwise is engaged in mortgage banking activities. Seller has made available to Buyer for inspection complete and correct copies of all BHC Contracts, including a description of any material oral agreements.

(b) No Defaults, etc. Except as set forth in Schedule 2.1.8(b), excluding any failure to obtain Consents with respect to the BHC Contracts listed in Schedule 2.1.1(c) and further excluding those matters which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the BHC Group (i) each BHC Contract is in full force and effect in all material respects, enforceable in accordance with its terms against the applicable member of the BHC Group that is party thereto and, to the Knowledge of Seller, the other parties thereto, (ii) upon consummation of the transactions contemplated by this Agreement each BHC Contract shall continue in full force and effect without penalty or other Adverse Consequences and (iii) there does not exist under any BHC Contract any uncured notice of default, any event of default, or any event or condition that, after notice or lapse of time or both, would constitute an event of default, on the part of any member of the BHC Group or, to the Knowledge of Seller, on the part of any other party to any BHC Contract. Except as disclosed in Schedule 2.1.8(b), no member of the BHC Group is subject to any contract, agreement, license or commitment materially restricting or limiting the type or scope of business or operations that it may conduct now or immediately after the Closing Date, including any non-competition, non-solicitation, confidentiality or standstill agreements, other than such agreements entered into in the ordinary course of business containing non-solicitation, confidentiality or standstill provisions.

#### 2.1.9 Intellectual Property.

(a) Schedule of Intellectual Property. Schedule 2.1.9(a) sets forth a correct and complete list of all registered Intellectual Property owned by any member of BHC Group (other than off-the-shelf software programs that have not been customized for use by any member of the BHC Group) as of the date hereof (the “BHC Intellectual Property”) and sets forth the owner and nature of the interest of the BHC Group therein. To the Knowledge of Seller, and except as set forth on Schedule 2.1.9(a), there is no material Intellectual Property used in the business as currently conducted that is owned by any Person other than members of the BHC Group. To the Knowledge of Seller, all of the Intellectual Property owned by any member of the BHC Group is owned free and clear of any Liens, except as set forth on Schedule 2.1.9(a). Except as set forth in Schedule 2.1.9(a) and to the Knowledge of Seller, the BHC Group owns or has the legal right to use the material Intellectual Property used in the business as currently conducted by each member of the BHC Group.

(b) No Infringement, etc. To the Knowledge of Seller, the business and operations of the BHC Group as currently conducted and the Intellectual Property owned by any member of the BHC Group do not infringe or otherwise conflict with any rights of any Person in

respect of any Intellectual Property and no claim is pending or to the Knowledge of Seller, has been threatened with respect to any infringement or conflict resulting from either the business and operations of the BHC Group or the Intellectual Property used in the business as currently conducted, except as set forth on [Schedule 2.1.9\(b\)](#) or except to the extent that any infringement or conflict could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the BHC Group. To the Knowledge of Seller, none of the Intellectual Property owned by any member of the BHC Group is being materially infringed, nor is such Intellectual Property being materially used or available for use by any Person other than a member of the BHC Group, except as set forth in [Schedule 2.1.9\(a\) or \(b\)](#). No Intellectual Property owned by any member of the BHC Group is subject to any outstanding judgment, injunction, order, decree or agreement restricting the use thereof by any member of the BHC Group with respect to its business or restricting the licensing thereof by such member to any Person. Except as set forth on [Schedule 2.1.9\(b\)](#), no member of the BHC Group has entered into any agreement to indemnify any other Person against any charge of infringement of Intellectual Property, other than pursuant to any such agreements entered into in connection with the use of commercially available information systems applications. Except as disclosed in [Schedule 2.1.9\(a\) or \(b\)](#), the material Intellectual Property owned by any member of the BHC Group has been duly registered with, filed in or issued by, as the case may be, the United States Patent and Trademark Office, the United States Copyright Office or other filing offices, domestic or foreign, to the extent necessary or desirable to ensure full protection under any Applicable Law, and such registrations, filings, issuances and other actions remain in full force and effect. Except as set forth in [Schedule 2.1.9\(b\)](#) or to the extent disclosed in writing on or prior to the date hereof, each member of the BHC Group has taken all reasonably necessary actions to ensure full protection of the material Intellectual Property (including maintaining the secrecy of all confidential Intellectual Property and, to the extent legally required or customary to protect such Intellectual Property owned by any Member of the BHC Group (other than off-the-shelf software), all necessary and appropriate standards of quality control) under any Applicable Law.

2.1.10 **Insurance.** [Schedule 2.1.10](#) sets forth a correct and complete list of all insurance policies and fidelity bonds maintained on the date hereof by or for the benefit of the members of the BHC Group. Seller has made available to Buyer complete and correct copies of all such policies and bonds, together with all riders and amendments thereto as of the date hereof. As of the date hereof, such policies and bonds are in full force and effect, and all premiums due thereon have been paid. The members of the BHC Group have complied in all material respects with the terms and provisions of such policies and bonds. Except as set forth on [Schedule 2.1.10](#), there is no claim in excess of \$100,000 by any member of the BHC Group pending as of the date hereof under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies or bonds. Such policies and bonds (or other policies and bonds providing substantially similar insurance coverage) have been in effect since December 31, 2003 and are of the type and in amounts customarily carried by Persons conducting businesses similar to the businesses of the BHC Group. If so requested by Buyer, the members of the BHC Group will have their insurance broker(s) notify the underwriters of such policies and bonds of the transactions contemplated by this Agreement and advise such insurance broker(s) to maintain all such policies and bonds in accordance with their terms until further notice.

#### 2.1.11 Compliance with Laws and Other Instruments: Governmental Approvals

(a) Compliance with Laws, etc. Except as disclosed in Schedule 2.1.11(a), no member of the BHC Group is in material violation of or material default under, or has at anytime since December 31, 2003 materially violated or been in material default under, (i) any Applicable Law applicable to it or any of its properties or business or (ii) any provision of its Organizational Documents. Schedule 2.1.11(a) sets forth a correct and complete list of all consent decrees or other similar agreements entered into by any member of the BHC Group with any Governmental Authority currently in effect. Except as disclosed in Schedule 2.1.11(a), to the Knowledge of Seller, no Governmental Authority has instituted, implemented, taken or threatened to take any other action the effect of which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the BHC Group. Except as set forth on Schedule 2.1.11(a), all members of the BHC Group that are required to be licensed by the insurance department of any jurisdiction are duly licensed in such jurisdiction. No member of the BHC Group has received written notice of any pending suit, proceeding or investigation concerning the failure of any such member to obtain any insurance license, or concerning the cancellation, suspension, revocation, limitation or nonrenewal of any insurance license.

(b) Governmental Approvals. Except as disclosed in Schedule 2.1.11(b), all material Governmental Approvals necessary for the conduct of the business and operations of each member of the BHC Group have been duly obtained and are in full force and effect. There are no proceedings pending or, to the Knowledge of Seller, threatened that would reasonably be expected to result in the revocation, cancellation or suspension, or any materially adverse modification, of any such Governmental Approval, and except with respect to Governmental Approvals set forth on Schedule 2.1.11(b), the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in any such revocation, cancellation, suspension or modification.

(c) Filings. Since December 31, 2000, each member of the BHC Group has filed all material registrations, reports, statements, notices and other filings required to be filed with the Commission and any other Governmental Authority by such member of the BHC Group, to the extent applicable, including all required amendments or supplements to any of the above, except to the extent that failure to file could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the BHC Group (the “BHC Filings”). The BHC Filings complied in all material respects, where applicable, with the requirements of the Exchange Act and any other Governmental Authority and all fees and assessments due and payable in connection therewith have been paid. Each such registration is in full force and effect. Except as disclosed on Schedule 2.1.11(c) and except for routine requests for information, such as “trade reporting” inquiries, “sweep letters” and similar requests, conducted by a Governmental Authority in the regular course of the business of the BHC Group, no member of the BHC Group has received notice that any Governmental Authority has initiated any proceeding or investigation into the business or operations of any member of the BHC Group or any of its employees or agents. Except as disclosed on Schedule 2.1.11(c), there is no unresolved violation, criticism, or exception by any Governmental Authority with respect to any report or statement relating to any onsite examination of any member of the BHC Group. Seller has made available to Buyer complete and correct copies of (i) all BHC Filings made within the past two years (including, but not limited to, all filings on Form BD and Form ADV), (ii) all audit reports received by any member of the BHC Group from the Commission or any other Governmental Authority and all written responses thereto made by any such member during the

past two years, (iii) copies of all inspection reports provided to any member of the BHC Group by the Commission, any state regulatory authority or any other Governmental Authority during the past two years and (iv) all correspondence relating to any inquiry or investigation provided to any BHC Group by the Commission, any state regulatory authority or any other Governmental Authority during the past two years.

2.1.12 Affiliate Transactions. Schedule 2.1.12 sets forth a correct and complete list of all agreements, arrangements, contracts or other commitments, other than brokerage accounts, in effect as of December 31, 2003 between any member of the BHC Group, on the one hand, and Seller, any of its Affiliates, any officer, director or stockholder of any member of the BHC Group, Seller or any of its Affiliates, on the other hand, other than compensation or benefit agreements, arrangements and commitments set forth on Schedules 2.1.15(a)(i) and 2.1.15(a)(ii). Since December 31, 2003, except as set forth in Schedule 2.1.12, no member of the BHC Group has entered into any agreement, arrangement, contract or other commitment or transaction with any officer, director or stockholder of any member of the BHC Group.

#### 2.1.13 Government Regulation.

(a) Broker-Dealers. Each of Fiserv Securities, Inc., Fiserv Investor Services, Inc. and Trade Star Investments, Inc. (collectively, the BHC Registered Broker-Dealers) is, and at all times required by the Exchange Act during the past five years (or such shorter period as such entity has been in existence and required to be registered) has been, a broker-dealer duly registered under the Exchange Act and, to the extent required, the Municipal Securities Rulemaking Board. Each BHC Registered Broker-Dealer is a member firm in good standing of the NASD. Except for any BHC Registered Broker-Dealer set forth on Schedule 2.1.13(a), each of the BHC Registered Broker-Dealers is, and at all times required by Applicable Law (other than the Exchange Act) during the past two years has been, duly registered, licensed or qualified as a broker-dealer in each state where the conduct of its business required such registration, licensing or qualification. Each such United States federal and state registration, license or qualification, as of the date hereof, is reflected in the Fiserv Forms BD delivered to Buyer and is in full force and effect. Except for any BHC Registered Broker-Dealer set forth on Schedule 2.1.13(a), no member of the BHC Group other than the BHC Registered Broker-Dealers is or has been during the past three years required to be registered, licensed or qualified as a broker-dealer under the Exchange Act, or subject to any material liability or disability by reason of any failure to be so registered, licensed or qualified.

(b) Trust Companies. No member of the BHC Group is or has been required to be registered, licensed or qualified as a trust company under any Applicable Law, or subject to any material liability or disability by reason of any failure to be so registered, licensed or qualified, except for any such failure that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the BHC Group.

(c) Other Entities. The members of the BHC Group and each of their officers or employees which are or who are required to be registered as a registered principal, registered representative, an investment advisor representative, a futures commission merchant, an insurance agent or a sales person with the Commission, or an equivalent person with the securities or insurance commission of any other Governmental Authority, are duly registered as

such and such registrations are in full force and effect, or are in the process of being registered as such within the time periods required by Applicable Law. Except as set forth on Schedule 2.1.13(c), all applicable federal, state and foreign registration requirements have been complied with in all material respects and such registrations as currently filed, and all periodic reports required to be filed with respect thereto, are accurate and complete in all material respects.

(d) Except as set forth on Schedule 2.1.13(d) or on the Fiserv Forms BD, neither any member of the BHC Group nor any of their respective Affiliates is subject to any cease-and-desist or other order or enforcement action issued by, or a party to any written agreement, consent agreement or memorandum of understanding with, or a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or has been ordered to pay any civil penalty by, or is a recipient of any letter of admonition or similar communication from, or has adopted a board resolution at the request or suggestion of, any Governmental Authority that restricts the conduct of its business or that in any manner relates to its capital adequacy, its ability to pay dividends, its credit or risk management policies, its management or its business (each, a "Regulatory Agreement"), and nor has any member of the BHC Group or any of their respective current employees or current employees of Parent, Seller or any of their Affiliates acting on behalf of the BHC Group during the past two years been advised in writing or otherwise by any regulatory authority or Governmental Authority that it is considering issuing or requesting any such Regulatory Agreement nor is there any pending or, to Knowledge of Seller, threatened regulatory investigation. Except as set forth on Schedule 2.1.13(d), neither any member of the BHC Group nor any of their respective current employees or current employees of Parent, Seller or any of their Affiliates acting on behalf of the BHC Group during the past two years, has been, in each case, convicted within the past ten (10) years of any felony or misdemeanor described in Section 3(a)(39) of the Exchange Act, or is, by reason of any misconduct, permanently or temporarily enjoined from acting in the capacities, or engaging in the activities, described in Section 3(a)(39) of the Exchange Act.

(e) Except as set forth on Schedule 2.1.13(e), each of the BHC Registered Broker-Dealers (i) has implemented policies and procedures that are reasonably designed to comply with the Applicable Laws including those relating to anti-money laundering, advertising, licensing, sales practices, market conduct, maintenance of net capital, supervision, Books and Records, risk assessment and continuing education and the rules of the Commission (including Rule 206(4)-7 under the Investment Advisers Act) and any Governmental Authority having jurisdiction (collectively, the "BHC Policies and Procedures") and (ii) to the Knowledge of Seller, there has been no unresolved material noncompliance with the BHC Policies and Procedures during the past four (4) years.

(f) Each member of the BHC Group (except Select Advisory Services, LLC) is not required to be registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), and the transaction contemplated by this Agreement will not require any member of the BHC Group, their respective Affiliates or customers to obtain the consent of any person under Section 205 of the Investment Advisers Act. Except as set forth on Schedule 2.1.13(f), Select Advisory Services, LLC is, and at all times has been, duly and validly registered when so required as an investment adviser with the Commission. The Form ADV provided to Buyer sets forth a complete list of each jurisdiction in which Select Advisory Services, LLC currently makes notice filings as an investment adviser.

(g) No member of the BHC Group is required to be registered as an exchange or transfer agent, a clearing agency, a government securities dealer, a commodity trading advisor or commodity pool operator.

(h) No current employee of any member of the BHC Group is or has been during the past two years (as applicable):

(i) subject to a statutory disqualification specified in Section 3(a)(39) of the Exchange Act, Sections 203(e) or (f) of the Investment Advisers Act, Section 411 of ERISA or any substantially equivalent foreign (A) expulsion or suspension from membership, (B) bar or suspension from association, (C) denial of trading privileges, (D) order denying, suspending, or revoking registration or barring or suspending association or (E) finding with respect to causing any such effective foreign suspension, expulsion or order;

(ii) convicted of any foreign offense, enjoined from any foreign act, conduct or practice, or found to have committed any foreign act substantially equivalent to any of those listed in Sections 15(b)(4)(B), (C), (D) or (E) of the Exchange Act or Section 203(3)(3) of the Investment Advisers Act; and

(iii) found to have made or caused to be made any false foreign statement or omission substantially equivalent to any of those listed in Section 3(a)(39)(E) of the Exchange Act.

(i) Except as set forth on Schedule 2.1.13(i), Seller has made available to Buyer true, correct and complete copies of the governing plan documents and related agreements, forms and contracts for each retirement plan, arrangement and account, including individual retirement accounts under Section 408 or 408(A) of the Code, education savings accounts under Section 530 of the Code, simplified employee pension plans under Section 408(k) of the Code, savings incentive match plans for employees under Section 408(p) of the Code, plans intended to be qualified under Section 401(a) of the Code, custodial accounts under Section 403 (b) of the Code, with respect to which BHC or any member of the BHC Group acts as a custodian, trustee and/or prototype sponsor, and the governing plan documents and related agreements, forms and contracts for each retirement plan, arrangement and account for which BHC or any member of the BHC Group provides services (each a “Plan” or collectively, the “Plans”) and other related agreements or materials provided to or made available to customers. Neither the Seller, BHC nor any member of the BHC Group has any liability with respect to any transaction involving a Plan in violation of Section 406 of ERISA or any “prohibited transaction” as defined in Section 4975(c)(1) of the Code, for which no exemption exists under Section 408 of ERISA or Section 4975(c)(2) of the Code or on which an excise tax could be payable under Section 4975 of the Code or a civil penalty under Section 502(i) of ERISA.

(j) BHC and/or certain members of the BHC Group serve as custodian, trustee and/or prototype sponsor for plans intended to be qualified under Section 401(a) of the Code, custodial accounts under Section 403(b) of the Code and individual retirement accounts under Section 408 and 408(A) of the Code, including, but not limited to, traditional, SIMPLE, SEP and Roth individual retirement accounts, as well as education savings accounts under



Section 530 of the Code. Seller represents and warrants to Buyer that on the Closing Date BHC and/or members of the BHC Group that serve as custodian and/or trustee of any Plans shall be either a "bank" (as defined in Section 408(n) of the Code) or a person authorized by the IRS to act as a custodian of such accounts pursuant to Treasury Regulation Section 1.408-2(e) and that such entity or person is so qualified to serve as a custodian of such accounts and has provided Buyer with the true, correct and complete copies of such entity's non-bank trustee application, IRS approval letter and any related notices thereto filed with the IRS.

(k) Neither BHC nor any member of the BHC Group serves or has ever served during the past seven years as a custodian, trustee and/or prototype sponsor or issuer for any retirement plan, arrangement or account other than those listed in Section 2.1.13(j) above, including, but not limited to, individual retirement annuities under Section 408(b) of the Code, or plans intended to meet the requirements of Section 457 of the Code. Notwithstanding anything to the contrary herein, neither BHC nor any member of the BHC Group nor any ERISA Affiliate of any BHC Group member serves or has served during the past seven years as trustee of any Plan that is a retirement plan intended to be qualified under Section 401 (a) of the Code.

(l) Neither BHC nor any member of the BHC Group permits or has permitted during the past seven years individuals to maintain margin accounts for the purpose of trading securities in connection with any Plans for which it serves as custodian or trustee.

(m) Neither BHC nor any member of the BHC Group provides or has provided during the past seven years recordkeeping services to any employee pension benefit plan as defined under Section 3(2) of ERISA, including, but not limited to, any profit sharing, 401(k) or money purchase pension plan, or any cash balance or defined benefit pension plan.

(n) Neither BHC nor any member of the BHC Group provides or has provided during the past seven years services, including, but not limited to, any design, management or administrative services, to any qualified defined contribution plans that are either a stock bonus plan, or a combination stock bonus and money purchase plan that invest primarily in employer securities, including any employee stock ownership plan under Section 409 of the Code, or any employee stock purchase plan under Section 423 of the Code.

(o) Neither BHC nor any member of the BHC Group provides or has provided during the past seven years services, including, but not limited to, any design, management or administrative services, to any qualified tuition program under Section 529 of the Code.

(p) Neither BHC nor any member of the BHC Group provides or has provided during the past seven years services, including, but not limited to, any design, management or administrative services, to any employee welfare benefit plan as defined under Section 3(1) of ERISA, or any Archer medical savings account under Section 220 of the Code, health savings account under Section 223 of the Code, health reimbursement arrangement, flexible spending account, or cafeteria plan under Section 125 of the Code.

(q) The form of the Plans and the conduct of Seller, BHC and each member of the BHC Group with respect to the Plans has been and are in compliance with Applicable Law, including ERISA and the Code, and neither BHC nor any member of the BHC Group has

incurred and is not reasonably expected to incur any liability under either ERISA or the Code relating to the Plans.

(r) All governmental reports required by BHC and any member of the BHC Group for acts completed prior to the Closing Date with respect to the Plans, other than reports with respect to distributions and contributions in 2004 reportable on IRS Forms 1099-R and 5498 made from or to the Plans prior to the Closing Date, have been timely filed.

(s) To the extent applicable, BHC and members of the BHC Group have obtained a favorable opinion letter from the IRS on changes to the Code and Treasury regulations, including those made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (or filed by applicable deadlines imposed by the IRS and are awaiting receipt of such opinion letter) and all prior legislation with respect to each Plan for which BHC or a member of the BHC Group serves as a prototype sponsor. No event has occurred that would be reasonably likely to negatively impact reliance on such opinion letter.

(t) No member of the BHC Group has received notice of or been advised of any investigations by any Governmental Authority with respect to any Plan and there are no other claims, suits or proceedings pending or, to the Knowledge of Seller, threatened against BHC or any member of the BHC Group with respect to any Plan.

2.1.14 Labor Matters, etc. No member of the BHC Group is a party to or bound by any collective bargaining or other labor agreement. Each member of the BHC Group is currently in compliance with and has materially complied with all Applicable Laws pertaining to the employment or termination of employment of their respective employees, except for any failures to comply that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the BHC Group.

2.1.15 ERISA.

(a) Schedule of Plans, etc. Schedule 2.1.15(a) sets forth a correct and complete list of each “employee benefit plan,” within the meaning of Section 3(3) of ERISA, and each written bonus, incentive or deferred compensation, stock option or other equity, retention, change in control or other employee or retiree compensation or benefit plan, program or arrangement (“Benefit Plans”) that is currently or has, in the past six years, been established, sponsored, adopted or maintained or contributed to solely by any member of the BHC Group, except for Benefit Plans that have otherwise been merged into BHC Group Plans (collectively, the “BHC Plans”). Schedule 2.1.15(a) sets forth a correct and complete list of each Benefit Plan that currently or has, in the past six years, been established, sponsored, adopted or maintained or contributed to by any ERISA Affiliate of the BHC Group that is not in the BHC Group that are applicable to the individuals who perform services for the BHC Group, other than a Benefit Plan that has otherwise been merged into a Seller Plan (“Seller Plans”) (Seller Plans and BHC Plans collectively referred to herein as “BHC Group Plans”). Parent or Seller has made available to Buyer correct and complete copies of all BHC Group Plans in which one or more BHC Employees is eligible to participate or entitled to benefits and, as applicable, all related trusts or other funding agreements, all amendments to such BHC Group Plans, the most recent IRS Form 5500 filed in respect of any such BHC Group Plan, the most recent summary plan description

and summaries of material modifications of any such BHC Group Plan and the most recent actuarial valuation prepared for any such BHC Group Plan. Except as disclosed on Schedule 2.1.15(a), each BHC Group Plan intended to be qualified under Section 401 (a) of the Code has either (i) received a favorable determination letter from the IRS as to its qualification under the Code or (ii) been submitted to the IRS for such determination letter within the applicable remedial amendment period under Section 401(b) of the Code and such determination letter application is still pending. No amendment has been made to any such BHC Group Plan since the date of its most recent determination letter that would reasonably be expected to result in the disqualification of such BHC Group Plan and no other event has occurred with respect to any such BHC Group Plan which would reasonably be expected to adversely affect the qualification of such BHC Group Plan.

(b) No Minimum BHC Funding Standards, etc. Except as disclosed on Schedule 2.1.15(b), no BHC Group Plan is subject to the minimum funding standards of Section 302 of ERISA or Section 412 of the Code, no BHC Group Plan is a multi-employer plan (as defined in Section 3(37) of ERISA) or a multiple employer plan and no BHC Group Plan is maintained in connection with any trust described in Section 501(c)(9) of the Code. Except as disclosed on Schedule 2.1.15(b), the “amount of unfunded benefit liabilities” within the meaning of Section 4001(a)(18) of ERISA does not exceed zero with respect to any BHC Group Plan subject to Title IV of ERISA. No material liability has been incurred pursuant to the provisions of Title I or IV of ERISA by any member of the BHC Group or any ERISA Affiliate thereof and no condition or event exists or has occurred which would reasonably be expected to result in any such material liability to any such Person.

(c) Operation of the BHC Group Plans, etc. Each of the BHC Group Plans has been operated and administered in compliance with its terms and all Applicable Law, including but not limited to ERISA and the Code, except for any failures to comply that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the BHC Group or on any BHC Group Plan. There are no material claims pending or, to the Knowledge of Seller, threatened by or on behalf of any employee of any member of the BHC Group involving any BHC Group Plan or its assets (other than routine claims for benefits under the terms of any such BHC Group Plan). All contributions required to have been made to any BHC Group Plan by any member of the BHC Group or any ERISA Affiliate thereof pursuant to Applicable Law (including, without limitation, ERISA and the Code) or a plan document have been made within the time required by such Applicable Law or plan document.

(d) No Prohibited Transactions. Neither any member of the BHC Group nor any ERISA Affiliate has any liability with respect to any transaction involving a BHC Group Plan in violation of Section 406 of ERISA or any “prohibited transaction,” as defined in Section 4975(c)(1) of the Code, for which no exemption exists under Section 408 of ERISA or Section 4975(c)(2) or (d) of the Code, except for any such liability that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the BHC Group. Neither any member of the BHC Group nor any ERISA Affiliate has participated in a violation of Part 4 of Title I, Subtitle B of ERISA by any plan fiduciary of any BHC Plan or has any unpaid civil liability under Section 502(1) of ERISA, except for any such violation or liability that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the BHC Group. Except as disclosed on Schedule 2.1.15(d), there are no suits,

investigations or other proceedings pending or, to the Knowledge of Seller, threatened in writing by any Governmental Authority against any BHC Group Plan, the trustee of any assets held thereunder or BHC, relating to the BHC Plans.

(e) Reportable Event. Except as disclosed on Schedule 2.1.15(e), no BHC Group Plan that is a BHC Pension Plan has been the subject of a reportable event, as described in Section 4043 of ERISA, as to which notices would be required to be filed with the PBGC. For purposes of this Section 2.1.15, "BHC Pension Plan" shall mean a funded employee pension benefit plan, as defined in Section 3(2) of ERISA, established or maintained by any member of the BHC Group or any ERISA Affiliate that is not an individual account plan within the meaning of Section 3(34) of ERISA.

(f) No Liability, etc. No liability has been incurred by BHC or an ERISA Affiliate for any tax, penalty or other liability with respect to any BHC Group Plan, except for any liability that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the BHC Group.

(g) Required Contributions. BHC has made all required contributions under each BHC Group Plan that is a BHC Pension Plan on a timely basis or, if not due yet, adequate accruals therefor have been provided for in the financial statements. No BHC Group Plan that is a BHC Pension Plan has incurred any "accumulated funding deficiency" within the meaning of Section 302 of ERISA or Section 412 of the Code and no BHC Plan that is a BHC Pension Plan has requested or received a waiver of the minimum funding standards imposed by Section 412 of the Code.

(h) No Termination. There has been no termination or partial termination, as defined in Section 411(d) of the Code and the regulations thereunder, of any BHC Group Plan that is a BHC Pension Plan.

(i) Welfare Plans. The BHC Group Plans that are group health plans (as defined for the purposes of Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA and all regulations thereunder ("COBRA")) have complied with the requirements of COBRA to provide healthcare continuation coverage to qualified beneficiaries who have elected, or may elect to have, such coverage, except for any violation that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the BHC Group. The BHC Plans that are health plans (as defined in 45 CFR 160.103) and thereby are subject to the requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") have been administered in compliance with such provisions. No BHC Plan provides health or death benefit coverage beyond the termination of an employee's employment, except as required by COBRA or pursuant to any state laws requiring continuation of benefits coverage following termination of employment.

(j) No Acceleration. No benefit under any BHC Group Plan, including, without limitation, any severance or parachute payment plan or agreement, will be established or become accelerated, vested or payable by reason of any transaction contemplated under this Agreement either alone or in conjunction with another event (e.g., termination of employment).

(k) Deductibility. The tax deductibility of any amount payable under any BHC Group Plan will not be limited by operation of Section 162(m) or 280G of the Code.

(l) Classification. Each individual who renders services to a member of the BHC Group who is classified as having the status of an independent contractor, intern or other non-employee status for any purpose (including for purposes of taxation and tax reporting and under BHC Group Plans) is properly so characterized and treated.

(m) WARN. Each member of the BHC Group is and has been in compliance with all notice and other requirements under the Workers' Adjustment and Retraining Notification Act (the "WARN Act") and any similar state or local laws relating to plant closing and layoffs. Except as set forth on Schedule 2.1.15(m), none of the employees of the BHC Group have suffered an "employment loss" (as defined in the WARN Act) during the 90-day period prior to the date of this Agreement. The listing on Schedule 2.1.15(m) shall be updated at the Closing for employment losses occurring during the 90-day period prior to Closing.

2.1.16 Environmental Matters. Except as set forth in Schedule 2.1.16, and except for those matters which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the BHC Group:

(a) Facilities. The BHC Group and the BHC Facilities are and have been in compliance with all Environmental Laws;

(b) Compliance. No events, facts or conditions will prevent, hinder or limit continued compliance by the BHC Group and the BHC Facilities with applicable Environmental Laws, and no material expenditures or commitments by the BHC Group are planned or necessary by the BHC Group to maintain continued compliance by the BHC Group and the BHC Facilities as of the date of this Agreement or beyond the Closing Date;

(c) Permits, Licenses, etc. The BHC Group has obtained all material Permits required pursuant to applicable Environmental Laws to carry on its business as now conducted; all such Permits are in full force and effect and are not subject to any appeals or to any unsatisfied conditions which are required to be satisfied by the Closing Date; and no such Permits are subject to any pending or threatened modification, suspension, revocation, rescission or cancellation;

(d) Releases of Hazardous Substances. The BHC Group is not liable under any applicable Environmental Law with respect to the release, threatened release, or presence of any Hazardous Substance;

(e) Presence of Hazardous Substances. No Hazardous Substance which may require response or corrective action or remediation under any Environmental Law is present at, threatening, or emanating from any property presently owned or operated by the BHC Group, or was present at or emanating from any other property when previously owned or operated by the BHC Group;

(f) Claims, etc. The BHC Group is not subject to any pending or threatened claim, nor obliged to comply with any judgment, order, ruling, settlement, or agreement arising under any Environmental Law;

(g) Investigations. The BHC Group has not received any notice that it is a potentially liable party, that it is required to provide information, or that it or any of the BHC Facilities is subject to an investigation in connection with any applicable Environmental Law; and

(h) Remediation. The BHC Group has not entered into any negotiations or agreements either relating to any response or corrective action or remediation relating to liabilities or potential liabilities arising under any Environmental Law or providing any indemnification or renouncing indemnification claims for any liabilities arising under any Environmental Law.

2.1.17 Litigation. Except as set forth in Schedule 2.1.17, there is no judicial or administrative action, suit, investigation, inquiry or proceeding pending or, to the Knowledge of Seller, threatened, that (a) individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the BHC Group or result in any liability on the part of the BHC Group in an amount in excess of \$500,000 individually or \$1,000,000 in the aggregate or (b) questions the validity of this Agreement or of any action taken or to be taken by any member of the BHC Group or Seller in connection with this Agreement or the transactions contemplated thereby.

2.1.18 Brokers, Finders, etc. All negotiations relating to this Agreement and the transactions contemplated hereby have been carried on without the participation of any Person acting on behalf of Seller or Parent in such manner as to give rise to any claim against Seller for any brokerage or finder's commission, fee or similar compensation, except for Credit Suisse First Boston, LLC.

2.1.19 Improper Payments. Neither any member of the BHC Group nor, to the Knowledge of Seller, any Person acting on their behalf has made, paid or received any bribes, kickbacks or other similar payments to or from any Person. No contributions have been made by any member of the BHC Group, directly or indirectly, to a domestic or foreign political party or candidate.

2.1.20 Customers.

(a) Schedule 2.1.20(a)(i) (the "Customer Account Schedule") sets forth a true and complete list, as of the date hereof (other than such BHC Correspondent Customers that have given or received notice of termination as listed in Schedule 2.1.20(a)(ii)), of each BHC Correspondent Customer account (each a "Customer Account") and, for each Customer Account, (a) the (i) Net Revenue generated by each such account during the eleven-month period ended November 26, 2004 and (ii) aggregate Net Revenue of such Customer Accounts annualized through December 31, 2004 (the "Annualized 2004 Customer Account Revenue"), and (b) the Net Account Asset Value as of December 14, 2004. Except as set forth on Schedule 2.1.20(a)(ii), neither Seller nor any member of the BHC Group has received any notice that any

BHC Correspondent Customer has ceased, or will cease (other than by expiration of its agreement by its terms), to use the products or services of the applicable member of the BHC Group, or has substantially reduced the use of such products or services at any time other than as a result of general market conditions.

(b) Except as set forth on Schedule 2.1.20(b), the customer lists and related data (other than electronic mails and electronic spreadsheets used in the ordinary course of business prior to the Closing) of any member of the BHC Group have not been integrated into any database of Seller or any of its Affiliates (other than any member of the BHC Group), and neither Seller nor any of its Affiliates (other than any member of the BHC Group) has solicited any customers to become brokerage customers of Seller or any of its Affiliates (other than any member of the BHC Group) using customer lists or related data of any member of the BHC Group.

2.1.21 Computer Systems. The computer hardware and software and related materials used by any Significant Subsidiary are in satisfactory operating condition for use by such Subsidiary as the business of the BHC Group is currently conducted. Except as set forth on Schedule 2.1.21, to the Knowledge of Seller, the use of such computer hardware and software and related materials by any Significant Subsidiary has not resulted in the termination of any BHC Contract or any material reduction in the services provided to any of them, warranties available to any of them, or rights of any of them under any BHC Contract.

2.1.22 Disclosure of All Matters Relating To Regulatory Approval of the Change-of-Control and Licensing. Each member of the BHC Group and Seller is not aware of any facts or circumstances that would (a) cause any Governmental Authority to not approve the transfer of ownership of BHC from Seller to Buyer or (b) cause any Governmental Authority to revoke or restrict the license or licenses to operate as a broker-dealer after the change in ownership of any member of the BHC Group.

2.1.23 Derivative Instruments. No member of the BHC Group is a party to or a beneficiary of any swaps, caps, floors, futures, forward contracts, option agreements or any other derivative financial instruments, contracts or arrangements.

2.1.24 Customer Agreements and Related Documentation. The BHC Group has in its possession the valid, binding and enforceable documentation necessary to maintain each BHC Customer client's account and to perform brokerage and related services for any client of a BHC Customer, in a manner consistent with its activities on behalf of any BHC Customer, except for customary delays in the forwarding of account documentation. Each transaction effected by any member of the BHC Group in an account on behalf of any (i) BHC Correspondent Customer or (ii) direct retail customer of TradeStar Investments, Inc. has been, in each case duly authorized and was performed in accordance with the terms of the customer agreement or other documentation and Applicable Laws.

---

2.2 Representations and Warranties of Buyer. Buyer represents and warrants to Seller as follows:

2.2.1 Authorization; No Conflicts; Status of Buyer, etc.

(a) Due Organization, etc. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with the requisite limited liability company power and authority to carry on its business as now conducted and to own or lease and to operate its properties as and in the places where such business is now conducted and such properties are now owned, leased or operated. Buyer is duly qualified to do business and is in good standing as a foreign limited liability company in all jurisdictions, except where the failure to be so qualified, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Buyer.

(b) Authorization, etc. Buyer has all requisite limited liability company power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby to be consummated by it. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, by Buyer have been duly authorized by all requisite limited liability company action of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and legally binding obligation of Buyer, enforceable against it in accordance with its terms.

(c) No Conflicts. Except as set forth on Schedule 2.2.1(c), the execution and delivery of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated hereby will not contravene, result in any violation of, loss of rights or default under, constitute an event creating rights of acceleration, termination, repayment or cancellation under, entitle any party to receive any payment or benefit pursuant to, or result in the creation of any Lien upon any of the properties or assets of Buyer under, (i) any provision of the Organizational Documents of Buyer or (ii) any Applicable Law applicable to Buyer or any of its properties, except for any such contraventions, violations, losses, defaults, accelerations, terminations, repayments, cancellations or Liens that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Buyer. Except as set forth on Schedule 2.2.1(c), no Governmental Approval (other than pursuant to the HSR Act) or other Consent is required to be obtained or made by Buyer in connection with the execution and delivery of this Agreement by Buyer or the consummation by Buyer of the transactions contemplated hereby.

2.2.2 Litigation. There is no judicial or administrative action, suit, investigation, inquiry or proceeding pending or, to the Knowledge of Buyer, threatened, or any reasonable basis therefor, that questions the validity of this Agreement or of any action taken or to be taken by Buyer in connection with this Agreement or the transactions contemplated thereby.

2.2.3 Brokers, Finders, etc. All negotiations relating to this Agreement and the transactions contemplated hereby have been carried on without the participation of any Person acting on behalf of Buyer in such manner as to give rise to any valid claim against Buyer for any brokerage or finder's commission, fee or similar compensation.



2.2.4 Investment. The BHC Shares will be acquired by Buyer for its own account for the purpose of investment. Buyer is not acquiring the BHC Shares with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act.

2.2.5 Disclosure of All Matters Relating To Regulatory Approval of the Change-of-Control and Licensing. Buyer is not aware of any facts or circumstances that would cause any Governmental Authority to not approve the transfer of ownership of BHC from Seller to Buyer.

2.2.6 Federal Income Tax Status of Buyer. For federal income tax purposes, Buyer is an entity whose separate existence from its parent, Fidelity Global Brokerage Group, Inc., is disregarded. Buyer's status as a limited liability company, all of the interests in which are owned by Fidelity Global Brokerage Group, Inc., will not prevent the Section 338(h)(10) Elections provided for in this Agreement from being effective for Pennsylvania, New York or Texas state Tax purposes.

### ARTICLE III COVENANTS

#### 3.1 Covenants of Parent and Seller.

3.1.1 Conduct of Business. From the date hereof to the Closing Date, except as expressly contemplated by or in connection with this Agreement or the transactions contemplated hereby, as described on Schedule 3.1.1 or with the prior written consent of Buyer, any request for such prior written consent to be considered by Buyer in good faith, Parent and Seller will cause each member of the BHC Group to:

(a) (i) carry on its business in the ordinary course consistent with past practices, (ii) preserve intact its present business organization, (iii) not terminate without cause any of its executive officers and key employees or create adverse working conditions such that any of its executive officers or key employees voluntarily terminates their employment, (iv) preserve its relationships with customers, clients, suppliers and others having material business dealings with it; (v) maintain in full force and effect substantially the same levels of coverage of insurance and fidelity bonds with respect to its assets, operations and activities as are in effect as of the date of this Agreement, (vi) comply with Applicable Law, (vii) maintain in full force and effect and comply with its Permits, (viii) collect its receivables and pay its payables only in the ordinary course consistent with past practice, and (ix) maintain Books and Records consistent with past practice and in accordance with GAAP and Applicable Law;

(b) not amend its Organizational Documents;

(c) not merge or consolidate with, or agree to merge or consolidate with, or purchase substantially all of the assets of, or otherwise acquire any business or any corporation, partnership, association or other business organization or division thereof;

(d) not engage in any transaction with Buyer or any of its Affiliates that would be a violation of Applicable Law;

(e) not take any action or omit to take any action, which action or omission would result in a breach or inaccuracy of any of the representations and warranties set forth in Section 2.1.5 at, or as of any time prior to, the Closing Date;

(f) not sell any assets nor assign any Lease or permit any Liens to exist thereon, other than routine sales of debt securities, equity securities and derivatives in the ordinary course of business consistent with past practice;

(g) not pay or declare any dividends or other distribution to its stockholders or other equity interest holders, except that, prior to the Closing, (i) Seller shall cause BHC to pay Seller a dividend in the form of all of the common stock of The Bisys Group, Inc. held by BHC or proceeds from the sale of any shares of common stock of The Bisys Group, Inc. held by BHC, and (ii) Seller may cause BHC to pay Seller a dividend in any amount; provided, that in each case of clauses (i) and (ii) such dividend or other distribution would not result in a violation of any Applicable Law;

(h) not enter into any agreements, contracts or commitments for capital expenditures other than in the ordinary course of business consistent with past practices or that provide for in the case of any single agreement or related agreements annual payments by the BHC Group of \$500,000 or more;

(i) not make any elections affecting the taxation of any member of the BHC Group, change any method of accounting with respect to any member of the BHC Group or settle or agree to the entry of judgment with respect to any dispute involving Taxes of any member of the BHC Group; provided, however, that Buyer's prior written consent shall not be unreasonably withheld, conditioned or delayed;

(j) not materially amend any Lease, terminate or renew the same;

(k) not demolish or materially alter any real property demised by a Lease;

(l) not execute any lease of real property;

(m) not commence an action or proceeding against a BHC Customer;

(n) not acquire or lease any material assets;

(o) not enter into any agreement, contract, license or commitment containing covenants binding on any member of the BHC Group not to, or otherwise limiting the freedom of any member of the BHC Group to, compete in any line of business, with any Person or in any geographic area, or hire any individual or group of individuals;

(p) not enter into any agreement, contract, license or commitment which would be a BHC Contract, or modify, amend or terminate any BHC Contract or waive, release, cancel or assign any material rights or claims thereunder, including the waiver, release, cancellation or assignment of any material Indebtedness owing to any member of the BHC Group or the prepayment of any principal or interest on any Indebtedness, except that prior written consent of Buyer shall not be required for actions in the ordinary course of business

consistent with past practice or for any BHC Contract or contractual term related to competitive business activities, including, but not limited to, bidding for new business and the setting or adjustment of prices, discounts or other competitive terms and conditions of sale; provided, however, that, subject to Applicable Law and the expiration of the relevant waiting period under the HSR Act has expired or terminated, Buyer's prior written consent shall be required before any member of the BHC Group enters into any contract, agreement or other arrangement with respect to providing any clearing or related services with a customer not listed on the Customer Account Schedule, such consent not to be unreasonably withheld or delayed;

(q) if a BHC Registered Broker Dealer, comply with the minimum net capital requirements as set forth in Rule 15c3-1 promulgated under the Exchange Act;

(r) not authorize, agree or commit to do any of the foregoing referred to in clauses (a)-(q); and

(s) promptly advise Buyer of any fact, condition, occurrence or change known to Seller that could reasonably be expected to have a Material Adverse Effect on the BHC Group or cause a breach of this Section 3.1.1.

In addition, from the date hereof to the Closing Date, except as contemplated by this Agreement, as described in Schedule 3.1.1 or as consented to by Buyer (with such consent not to be unreasonably withheld, conditioned or delayed), Seller will not and will cause its Affiliates not to make any elections affecting the taxation of any member of the BHC Group, change any method of accounting with respect to any member of the BHC Group or with respect to any Seller Group in a way that affects the taxation of any member of the BHC Group or settle or agree to the entry of judgement with respect to any dispute involving Taxes of any member of the BHC Group.

3.1.2 Access and Information. From the date hereof to the Closing Date, Seller will, and will cause each member of the BHC Group to, give to Buyer and Buyer's accountants, counsel and other representatives reasonable access during normal business hours to each such member of the BHC Group and respective offices, properties, books, contracts, commitments, reports and records relating to each member of the BHC Group, and to furnish them or provide them access to all such documents, financial data, records and information with respect to the properties and businesses of each member the BHC Group as Buyer shall from time to time reasonably request; provided, that the foregoing shall be under the general coordination of Seller and shall be subject to the Confidentiality Agreement and Section 3.1.3(c) hereof. In addition, from the date hereof to the Closing Date Seller will, and will cause each member of the BHC Group to, permit Buyer and Buyer's accountants, counsel and other representatives reasonable access to such personnel of the BHC Group during normal business hours as may be necessary to or reasonably requested by Buyer in its review of the properties of the BHC Group, the business affairs of the BHC Group and the above-mentioned documents and records; provided, that Seller shall have the right to have its representatives participate in such discussions with personnel of the BHC Group and such discussions shall be subject to the Confidentiality Agreement.

### 3.1.3 Subsequent Financial Statements and Filings.

(a) Commission Filings. From the date hereof to the Closing Date, Seller will cause the members of the BHC Group to make available to Buyer, promptly after the same become available, copies of all materials filed with the Commission including the financial statements of the BHC Registered Brokers-Dealers as the same are filed with the Commission.

(b) Governmental Authority Filings. From the date hereof to the Closing Date, Seller will file, or cause to be filed, with the Commission or other relevant Governmental Authority, and promptly thereafter make available to Buyer, copies of each registration, report, statement, notice or other filing required to be filed by any member of the BHC Group with the Commission or any other Governmental Authority under the Exchange Act, the Securities Act or any other Applicable Law. All such registrations, reports, statements, notices or other filings shall comply in all material respects with Applicable Law.

(c) Inspections and Investigations. From the date hereof to the Closing Date, Seller will cause the members of the BHC Group to make available to Buyer, promptly after the same become available, (i) copies of all inspection reports provided to any member of the BHC Group by the Commission, the NYSE or NASD or any Governmental Authority, (ii) all correspondence and other documents relating to any inquiry or investigation provided to any member of the BHC Group by the Commission, the NYSE or NASD or any other Governmental Authority and (iii) copies of any interim or final drafts of settlement agreements with the Commission relating to the investigation of mutual fund trading practices; provided, that in each case, the BHC Group is able to obtain consent from the requisite Governmental Authority and Buyer and the appropriate BHC Group member have entered into a Joint Defense Agreement in order to preserve attorney-client privilege. If the Commission does not consent to Buyer's receipt of the documents referenced in clause (iii) hereof, Buyer and Seller shall agree to arrange and participate in any meeting or discussion with the Commission in order to obtain its consent. If such consent is not obtained, Seller shall provide Buyer with a written summary, or in any event use commercially reasonable efforts to provide an oral summary, in reasonable detail of the terms of the documents described in clause (iii) hereof.

(d) Tax Returns. Seller shall, and shall cause each member of the BHC Group to, duly and timely file all Seller Group Tax Returns and all BHC Tax Returns, respectively, required to be filed on or before the Closing Date (including Tax Returns filed pursuant to any valid extensions of time to file). Seller shall prepare and duly and timely file all Seller Group Tax Returns that are due after the Closing Date. Such Seller Group Tax Returns and BHC Tax Returns shall be prepared on a basis consistent with the prior Tax Returns for the same Person. Seller shall allow Buyer a reasonable opportunity to review and comment on such Seller Group Tax Returns (insofar as they relate to members of the BHC Group) and such BHC Tax Returns. Seller shall prepare drafts of all BHC Tax Returns that are due after the Closing Date with respect to taxable periods ending on or prior to the Closing Date and shall allow Buyer a reasonable opportunity to review and comment on such Tax Returns. Buyer shall cause the appropriate member of the BHC Group to promptly file such BHC Tax Returns; provided, that either (i) such BHC Tax Returns have been prepared on a basis consistent with prior Tax Returns of the same Person or (ii) if such BHC Tax Returns have not been prepared on a basis consistent with prior Tax Returns of the same Person, Buyer shall have consented to the filing of such BHC Tax Returns, with such consent not to be unreasonably withheld, conditioned or delayed. Buyer shall prepare, on a basis consistent with prior Tax Returns of the same Person, all BHC Tax

Returns that relate to taxable periods beginning on or prior to the Closing Date and ending after the Closing Date. Buyer shall allow Seller a reasonable opportunity to review and comment on such BHC Tax Returns. The members of BHC Group shall furnish Seller, within a reasonable period following the request, with such information as Seller may reasonably request in connection with the preparation of or inclusion in the Seller Group Tax Returns for the periods ending on or before the Closing Date. No election under Section 336(e) of the Code shall be made with respect to any member of the BHC Group in connection with any transaction contemplated by this Agreement; provided, however, that any deemed election resulting from, or election required to make effective, the elections provided for in Section 3.3.1 hereof, shall be permitted. Except for Taxes set forth on Schedule 2.1.6(a) (which are being contested in good faith and by appropriate proceedings), Seller shall cause each member of BHC Group to pay all Taxes that become due and payable after the date hereof and on or before the Closing Date by the Closing Date. Except as set forth on Schedule 2.1.6(a), each member of BHC Group shall pay all BHC Employment and Withholding Taxes required to be withheld and paid on or before the Closing Date and Seller shall cause each member of BHC Group to properly set aside all BHC Employment and Withholding Taxes required to be withheld on or before the Closing Date and paid after the Closing Date in accounts for such purpose.

3.1.4 Public Announcements. From the date hereof to the Closing Date, except as required, in the reasonable judgement of Parent, by Applicable Law (in which case Parent and Seller shall use their commercially reasonable best efforts to consult with Buyer before releasing such information), Parent and Seller shall not, and shall not permit any member of the BHC Group to, make any public announcement in respect of this Agreement or the transactions contemplated hereby without the prior consent of Buyer.

3.1.5 Further Actions.

(a) Generally. From the date hereof to the Closing Date, Parent and Seller will, and will cause each member of the BHC Group to, use commercially reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated hereby.

(b) Filings, etc. From the date hereof to the Closing Date, Parent and Seller will, as promptly as practicable, file or supply, or cause to be filed or supplied, all applications, notifications and information required to be filed or supplied by or on behalf of Parent and Seller or any member of the BHC Group pursuant to Applicable Law in connection with this Agreement or the consummation of the transactions contemplated hereby, including, but not limited to, filings pursuant to the HSR Act; provided, that such filings to be made pursuant to the HSR Act shall be made within twenty (20) Business Days after the date of this Agreement. From the date hereof to the Closing Date, Parent and Seller, as promptly as practicable, will make, or cause to be made, all such other filings and submissions under any Applicable Law applicable to BHC or any member of the BHC Group and give such reasonable undertakings, as may be required for Parent and Seller to consummate the transactions contemplated hereby.

(c) Consents. Parent and Seller, as promptly as practicable, will use commercially reasonable efforts to obtain, or cause to be obtained, the Consents listed on

Schedule 2.1.1(c) and all other advisable Consents, including any positive consent required by any customer of any member of the BHC Group; provided, however, that Parent, Seller or any of their Subsidiaries shall not be permitted to consent to any action or to make or offer to make any commitment or undertaking or incur any liability or obligation with respect to the business of the BHC Group or any member of the BHC Group without the consent of Buyer, which consent shall not be unreasonably withheld (it being understood that consent may be withheld in Buyer's sole discretion with respect to any matter that could increase in any material respect the financial obligations of Buyer or any member of the BHC Group).

(d) Other Actions. Each of Parent and Seller will use, and cause each member of the BHC Group to use, commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for them to fulfill their obligations in respect of this Agreement and the transactions contemplated hereby. Parent and Seller will, and will cause each member of the BHC Group to, coordinate and cooperate with Buyer in exchanging such information and supplying such reasonable assistance as may be reasonably requested by Buyer in connection with the filings and other actions contemplated by Section 3.2.2. Each of Parent and Seller in consultation with Buyer shall agree to participate in any meeting or discussion with any Governmental Authority in connection with proceedings relating to the transactions contemplated by this Agreement and, to the extent permitted by such Governmental Authority, shall give Buyer the opportunity to attend and participate in any such meetings or discussions. If Parent and/or Seller receives a request for additional information or documentary material from any Governmental Authority with respect to this Agreement or the transactions contemplated by this Agreement, then such party, in good faith, as soon as practicable and after consultation with Buyer, shall make an appropriate response to such request.

(e) Notice of Certain Events. From the date hereof to the Closing Date, Parent and Seller shall promptly notify Buyer of:

(i) any fact, condition, event or occurrence known to Parent or Seller that will or reasonably may be expected to result in the failure of any of the conditions contained in Sections 4.1 and 4.2 to be satisfied;

(ii) any notice or other communication from any Person alleging that the Consent of such Person is or may be required in connection with the transactions contemplated by this Agreement; and

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement.

(f) Tax Sharing Agreements. Seller shall cause all Tax sharing agreements or similar arrangements to which any member of the BHC Group is a party (and as to which a Person other than a member of the BHC Group is a party) to be terminated with respect to the members of the BHC Group on or prior to the Closing Date, without any additional liability of any member of the BHC Group to any other party to such agreement or arrangement other than the payment provided for in Section 4.2.6 hereof.

3.1.6 Confidentiality. From and after the Closing Date, Parent and Seller shall, and shall cause each of their respective Affiliates and their respective representatives to, (a) hold in strict confidence all information relating to the business of the BHC Group and each member of the BHC Group as conducted before the Closing and (b) not use such information to the detriment of the business of the BHC Group or any member of the BHC Group. At the Closing, Parent and its Subsidiaries will use commercially reasonable efforts to assign their respective rights under any confidentiality agreement relating solely to the business of the BHC Group or any member of the BHC Group with a third party to Buyer or its Affiliates.

3.1.7 Intercompany Accounts and Other Specified Assets and Liabilities. Except as set forth on Schedule 3.1.7, effective as of the Closing Date, all Income Tax receivables and payables, deferred Income Tax assets and liabilities, and intercompany receivables, payables, loans and investments then existing between Parent or any of its Subsidiaries including the members of the BHC Group, on the one hand, and any member of the BHC Group, on the other hand, shall be settled, divided or assigned, directly or indirectly, to Parent or Seller; provided, however, that the BHC subordinated notes payable by Fiserv Securities, Inc. and investments in subsidiaries by any member of the BHC Group will not be so settled, divided or assigned.

3.1.8 Foreign Accounts. Reference is made hereby to Schedule 3.1.8.

3.1.9 Acquisition Proposals. Following the execution of this Agreement, each of Parent and Seller shall, and shall cause their respective representatives and Affiliates to, immediately cease any existing discussions or negotiations, if any, with any Persons conducted heretofore with respect to any Acquisition Proposal, and shall not, and shall cause each of their respective representatives and Affiliates to not, directly or indirectly, (a) initiate, facilitate, encourage or solicit, directly or indirectly, the making of any Acquisition Proposal, (b) provide any non-public information regarding any member of the BHC Group to, or enter into or maintain or continue any discussions or negotiations with, any Person that has made an Acquisition Proposal or (c) enter into any agreement providing for any Acquisition Proposal.

3.1.10 Delivery of Records. At the Closing or as soon thereafter as practicable, Seller will deliver, or cause to be delivered, to Buyer all Books and Records and Customer Account Information in the possession of the Seller to the extent not then in the possession of the BHC Group.

3.1.11 Further Assurances. At any time or from time to time after the Closing, Seller and Parent shall execute and deliver to Buyer such other documents and instruments, provide such materials and information and take such other actions as Buyer may reasonably request to fulfill each of their obligations under this Agreement and consummate the transactions contemplated hereby.

3.1.12 Customer Account Schedule. Prior to the Closing Date, Seller, in consultation with Buyer, may update the Customer Account Schedule to correct any computational error in computing the Net Revenue or Annualized 2004 Customer Account Revenue set forth thereon.

3.1.13 Commission Liabilities. Seller and Parent shall pay on behalf of any member of the BHC Group any and all assessments, fines, penalties or other liabilities of any member of the BHC Group arising from or relating to any settlement with the Commission arising from its industry-wide review of mutual fund trading practices. Seller and Parent agree that if such assessments, fines, penalties or other liabilities are not imposed or do not arise before the Closing Date, any reserve shall be reduced to zero in calculating the Closing Date Balance Sheet.

### 3.2 Covenants of Buyer and Seller

3.2.1 Public Announcements. From the date hereof to the Closing Date, except as required, in the reasonable judgement of Buyer, by Applicable Law (in which case Buyer shall use it commercially reasonable best efforts to consult with Seller before releasing such information), Buyer shall not make any public announcement in respect of this Agreement or the transactions contemplated hereby without the prior consent of Seller.

#### 3.2.2 Further Actions

(a) Generally. From the date hereof to the Closing Date, Buyer will use commercially reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated hereby.

(b) Filings, etc. From the date hereof to the Closing Date, Buyer will, as promptly as practicable, file or supply, or cause to be filed or supplied, all applications, notifications and information required to be filed or supplied by or on behalf of Buyer pursuant to Applicable Law in connection with this Agreement or the consummation of the transactions contemplated hereby, including, but not limited to, filings pursuant to the HSR Act; provided, that such filings to be made pursuant to the HSR Act shall be made within twenty (20) Business Days after the date of this Agreement. From the date hereof to the Closing Date, Buyer, as promptly as practicable, will make, or cause to be made, all such other filings and submissions under any Applicable Law applicable to Buyer and give such undertakings or otherwise use its best efforts as may be required for Buyer to consummate the transactions contemplated hereby.

(c) Other Actions. Buyer will use commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfill its obligations in respect of this Agreement and the transactions contemplated hereby. Buyer will coordinate and cooperate with Seller in exchanging such information and supplying such reasonable assistance as may be reasonably requested by Seller in connection with the filings and other actions contemplated by Section 3.1.5. Buyer in consultation with Seller shall agree to participate in any meeting or discussion with any Governmental Authority in connection with proceedings relating to the transactions contemplated by this Agreement and, to the extent permitted by such Governmental Authority, shall give Seller the opportunity to attend and participate in any such meetings or discussions. If Buyer receives a request for additional information or documentary material from any Governmental Authority with respect to this Agreement or the transactions contemplated by this Agreement, then such party, in good faith, as



soon as practicable and after consultation with Seller, shall make an appropriate response to such request.

(d) Amended Tax Returns. Buyer agrees that Seller may prepare and file amended Seller Group Tax Returns for any period (including a period for which a member of the BHC Group was included) and shall be entitled to keep any tax refund or credit relating to any Seller Group Tax Return, except to the extent that such credit or refund relates to or results from tax items of any member of the BHC Group attributable to periods or portions of periods following the Closing Date. Buyer further agrees that Seller may prepare, and Buyer will cause members of BHC Group, with a reasonable period following receipt thereof, to file provided, that either (i) such amended tax returns have been prepared in a manner consistent with past practice of the filing Person or (ii) if such amended tax returns have not been prepared on a basis consistent with past practice of the filing Person, Buyer shall have consented to the filing of such amended tax returns, with such consent not to be unreasonably withheld, conditioned or delayed), amended BHC Tax Returns and any tax return relating to BHC Employment and Withholding Taxes for any period ending on or prior to the Closing Date and any tax refund or credit with respect to any BHC Tax or BHC Employment and Withholding Tax for any period ending on or prior to the Closing Date (other than, except as otherwise provided in Section 3.2.4, any such refund or credit that relates to tax items attributable to periods or portions of periods following the Closing Date that was reflected as an asset on the Closing Date Balance Sheet or that is applied against any Tax for a Pre-Closing Period) shall be paid to Seller promptly after it is received or applied against a Tax liability of a member of the BHC Group or Buyer or a Buyer Affiliate other than (i) for a Pre-Closing Period or (ii) a Tax liability for which Parent and Seller are responsible under Section 6.2.2(a) hereof. After the Closing, Buyer shall, and shall cause BHC Group to, provide Seller with such cooperation as Seller may reasonably request, in the preparation and filing of any Tax Return that may be prepared by Seller pursuant to Section 3.1.3(d) or this Section 3.2.2(d), and in connection with any audit or inquiry by a Governmental Authority with respect to any Seller Group Tax Return that includes a member of BHC Group and any BHC Tax Return relating to a period ending on or before the Closing Date; provided, however, that such cooperation shall not require that Buyer or a member of the BHC Group provide powers of attorney to any Person or take any position that Buyer determines is not supported by Applicable Law). After the Closing, Buyer shall not, and shall not permit any member of BHC Group or any Affiliate of Buyer or a member of BHC Group to, amend any BHC Tax Return for any period ending on or prior to or that includes the Closing Date without the prior written consent of Seller, which consent shall not be unreasonably withheld or delayed.

(e) Notice of Certain Events. From the date hereof to the Closing Date, Buyer shall promptly notify Seller of:

(i) any fact, condition, event or occurrence known to Buyer that will or reasonably may be expected to result in the failure of any of the conditions contained in Sections 4.1 and 4.3 to be satisfied;

(ii) any notice or other communication from any Person alleging that the Consent of such Person is or may be required in connection with the transactions contemplated by this Agreement; and

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement.

3.2.3 Employee Benefit Matters.

(a) BHC Employee Benefits. Buyer agrees: (i) for the one-year period following the Closing Date, to provide, for the benefit of the current employees of BHC who continue employment with Buyer or its Subsidiaries after the Closing Date (“BHC Employees”) and their respective eligible dependents and beneficiaries, benefits under such Benefit Plans as may be adopted from time to time by BHC or its successor that, in the aggregate, are substantially comparable to the benefits offered to current employees of the members of the BHC Group under the BHC Group Plans or those offered to similarly situated employees of Buyer, if better; (ii) to waive any limitations regarding pre-existing conditions under any existing plan that exclusively provides for medical benefits maintained by Buyer (and/or any of its Affiliates) for the benefit of BHC Employees currently covered or eligible to be covered under existing health benefit plans or in which BHC Employees participate; (iii) for all purposes under all benefit plans, features and policies which BHC Employees are eligible to participate, to treat all service by BHC Employees with BHC or its Subsidiaries before the Closing Date as service with Buyer and its Subsidiaries; and (iv) to recognize, for each BHC Employee, any unused vacation days that the BHC Employee has accrued as of the Closing Date for purposes of Buyer’s vacation plan or policies.

(b) 401(k) Plan.

(i) As soon as practicable after the Closing Date, Seller shall cause a transfer from the 401 (k) Savings Plan of Fiserv, Inc. and its Participating Subsidiaries (the “Seller 401(k) Plan”) to the FMR Corp. Profit Sharing Plan (the “Buyer 401 (k) Plan”) of (i) the liabilities and obligations under the Seller 401(k) Plan relating to BHC Employees of the BHC Group (“BHC Group 401(k) Participants”) and (ii) the account balances relating to BHC Group 401(k) Participants. Seller shall provide Buyer with the identity of each BHC Group 401(k) Participant as to whom liabilities and account balances are to be transferred as described above. Seller shall furnish to Buyer the most recent IRS determination letter for the Seller 401 (k) Plan or an opinion from counsel as to the qualified status of the Seller 401(k) Plan and Buyer shall furnish to Seller the most recent IRS determination letter for the Buyer 401 (k) Plan.

(ii) In transferring the assets and liabilities from the Seller 401(k) Plan to the Buyer 401(k) Plan, Seller and Buyer shall comply with all applicable requirements of Sections 41 l(d)(6), 414(1) and 401(a)(12) of the Code, and Buyer shall comply with such requirements in the administration of the Buyer 401(k) Plan with respect to BHC Group 401(k) Participants after the Closing Date. The Buyer 401(k) Plan shall honor (i) the terms of up to two loans made to BHC Group 401(k) Participants from the Seller 401(k) Plan which are outstanding as of the date of the transfer of liabilities, obligations and account balances to the extent such loans are consistent with the terms and conditions of Buyer 401(k) Plan and (ii) the provisions of any domestic relations orders with respect to the BHC Group 401(k) Participants which were received and deemed qualified by Seller pursuant to Section 206(d)(3) of ERISA and Section 414(p) of the Code prior to

the date of the transfer of liabilities, obligations and account balances, and shall administer such orders in accordance with their terms. To the extent that any BHC Group 401(k) Participants have more than two outstanding loans at the time of such transfer, Seller shall retain the liabilities, obligations and account balances of any such loans. In this case, with respect to each such BHC Group 401(k) Participant's loans, the Seller shall retain the loan that is due and payable on the earliest date.

(iii) Seller and Buyer shall cooperate in the preparation and filing of all documentation required to be filed with or requested by the IRS, the U.S. Department of Labor or any other Governmental Authority.

(iv) Seller shall amend the Seller 401(k) Plan prior to the Closing Date (x) to allow any BHC Group 401(k) Participant to repay loans from the Seller 401(k) Plan after the cessation of employment and (y) to provide that BHC Group will cease to participate in the Seller 401(k) Plan.

(c) Seller Liabilities. Neither Buyer or any of its affiliates shall adopt, become a sponsoring employer of, nor have any liabilities or obligations with respect to the Seller Plans. Except as set forth on Schedule 3.2.3(c), Seller shall retain all liabilities with respect to the employment and termination of the employment (including all liabilities under the WARN Act) of any employees of the BHC Group that occurs on or prior to the Closing.

(d) Welfare Claims. Without limiting the scope of Section 3.2.3(c), Seller shall assume and be responsible for (i) claims for workers compensation or for the type of benefits described in Section 3(1) of ERISA (whether or not covered by ERISA) that are incurred on or prior to the Closing Date by employees of the BHC Group, and (ii) claims relating to "COBRA" coverage attributable to "qualifying events" occurring on or prior to the Closing Date with respect to any employee of the BHC Group and their beneficiaries and dependents. Buyer shall be responsible for (i) disability benefits and workers compensation benefits for BHC Employees for claims incurred after the Closing Date, and (ii) claims relating to COBRA coverage attributable to "qualifying events" occurring after the Closing Date with respect to BHC Employees and their beneficiaries and dependents. For purposes of the foregoing, a medical/dental claim shall be considered incurred when the medical services are rendered or medical supplies are provided, and not when the condition arose; provided, that claims relating to a hospital confinement that commences on or prior to the Closing Date but continues thereafter shall be treated as incurred on or prior to the Closing Date. A disability or workers compensation claim shall be considered incurred on or prior to the Closing Date if the injury or condition giving rise to the claim occurs on or prior to the Closing Date.

(e) [Intentionally Omitted.]

(f) Access. Following the execution of this Agreement, Seller and Parent shall provide reasonable access to the employees of the BHC Group, and, to the extent permitted by applicable law, such information regarding such employees as is contained in personnel records, for the purpose of permitting Buyer to determine which individuals to employ following the Closing, for the purpose of establishing retention arrangements for such individuals and for the purpose of commencing background checks and new hire processes.

(g) WARN Act. Neither Parent, Seller nor any member of the BHC Group shall, at any time 90 days before the Closing Date, effectuate a “plant closing” or “mass layoff” (as such terms are defined in the WARN Act) with respect to the BHC Employees without complying fully with the notice and other requirements of the WARN Act and any applicable state or local laws requiring notice to employees in the event of a plant closing or layoff.

(h) No Employee Rights. Nothing in this Section 3.2.3 or in this Agreement express or implied shall confer upon any employee or legal representative or beneficiary thereof any rights or remedies, including the right of employment or continued employment for any specified period, or compensation or benefits of any nature or kind whatsoever by this Agreement. Nothing in this Section 3.2.3 or in this Agreement expressed or implied should be construed to prevent Buyer from terminating or modifying to any extent or in any respect any benefit plan that Buyer or its affiliates may establish or maintain.

3.2.4 Claim Proceeds. Buyer will cause the BHC Group to pay to Seller promptly upon receipt any: insurance proceeds or insurance settlement proceeds received with respect to claims existing prior to Closing, whether or not such claims were filed prior to Closing, relating to D. L. Cromwell Investments Inc. (“Cromwell”), and Buyer will cause the BHC Group to pay to Seller any judgment proceeds and settlement amounts collected by it with respect to claims existing prior to Closing against Cromwell (or in respect of any insurance coverage related to Cromwell), Congressional or Washington Mutual or their respective Affiliates, successors or assigns or existing or former principals, directors, officer, employees or agents, whether or not such claims were filed prior to Closing, promptly upon receipt. Buyer agrees to use commercially reasonable efforts to cooperate with Seller in connection with any insurance claims relating to Cromwell and any litigation claims Seller or any member of the BHC Group has against or in respect of Cromwell or Congressional or their respective Affiliates, successors or assigns or existing or former principals, directors, officers, employees or agents, whether or not such claims were filed prior to Closing, including providing copies of documents or records to Seller and making BHC Employees available to Seller for assistance or testimony. Buyer will cause the amount of any refund received by it or any member of the BHC Group with respect to the penalties described in clause (i) of Schedule 2.1.6(a) to be paid over to Seller.

3.2.5 Confidentiality Agreement. At the request of Buyer, Seller shall cause any of its Affiliates to enter into a confidentiality agreement, in a form and substance reasonably agreeable to Buyer, pertaining to the customer lists and related data stored on databases maintained by Personix and Epsiia.

#### 3.2.6 Assignment.

(a) Seller shall cause the applicable member of the BHC Group to (i) transfer all securities held by any member of the BHC Group in The Bisys Group, Inc. and (ii) assign all of its rights, obligations and liabilities under the agreements, contracts, licenses and commitments listed on Schedule 3.2.6(a), in each case to Seller or any of its Affiliates (except the BHC Group) prior to Closing. Seller shall assume all the liabilities arising out of or in connection with the litigation, actions, proceedings, arbitrations or regulatory investigations listed on Schedule 6.2.2(a)(ix). Seller shall update Schedule 6.2.2(a)(ix) to reflect all litigation, actions, proceedings, arbitrations or regulatory investigations existing as of the Closing Date.

Notwithstanding anything to the contrary herein, any update of Schedule 6.2.2(a)(ix) shall not be deemed to be an update of or disclosure on Schedule 2.1.17 for any purpose under this Agreement.

(b) Seller shall, in consultation with Buyer, cause to be assigned all of the contracts and licenses listed on Schedule 3.2.6(b) to a member of the BHC Group prior to Closing.

### 3.2.7 Change of Names.

(a) Buyer acknowledges and agrees that no interest in or right to use the names Fiserv Securities, Inc. and Fiserv Investment Services, Inc.; the registered service mark FISERV INVESTMENT SERVICES, INC. CASH MANAGER (and design); the domains fiservsecurities.com, fiservsi.com and fiservihc.com; or any other name, logo, trademark, service mark or domain owned by Parent, Seller or any member of the BHC Group containing “Fiserv” or any derivative or variation thereof (the “Retained Names”) is being transferred to the Buyer pursuant to the transactions contemplated herein except as set forth in this section. Subject to Applicable Law and as soon as reasonably practicable after the Closing Date, Buyer shall cause each of Fiserv Securities, Inc. and Fiserv Investor Services, Inc. to change its name to a name which has no references to “Fiserv” or any derivative or variation thereof, and to make all filings necessary to effect such name change (including existing applications for authority or qualifications to do business as a foreign corporation in any applicable jurisdictions).

(b) From and after the Closing, Buyer shall not permit any member of the BHC Group to use the Retained Names or as part of any entity name, trade name, trademark, service mark, logo, domain name or otherwise. Notwithstanding the foregoing, and with the exception of stationery, envelopes, labels and business cards, for a period of up to 180 days after the Closing Date, the BHC Group shall have the non-transferable right to use and deplete any existing inventory of materials that are in the possession of the BHC Group as of the Closing Date that contain the Retained Names, including brochures, advertising materials and packaging materials, but no new supply of any materials incorporating the Retained Names shall be ordered or accepted, nor shall new materials with the Retained Names be created, after the Closing Date and such use shall cease after the earlier of 180 days after the Closing Date or when such remaining inventory of any such materials has been exhausted. BHC Group shall affix to all such materials a notice, reasonably satisfactory to Seller, the terms of which are to be agreed upon by the parties prior to the Closing Date indicating that BHC Group is neither the owner of nor affiliated with the owner of the Retained Names.

(c) Buyer agrees that Parent and Seller shall have no responsibility for claims by third parties arising out of, or relating to, the use by Buyer of the Retained Names after the Closing Date.

### 3.3 Section 338(h)(10) Election.

3.3.1 The Election. Within 120 days after the Closing Date, Parent (and Seller, to the extent legally required) and Buyer (or the “common parent” (within the meaning of Treasury Regulations Section 1.1502-77(a)(1)(i) of the U.S. federal consolidated income tax

return group that includes the Person that owns all of the interests in Buyer that are treated as equity for U.S. federal income tax purposes or the Person that owns all of the interests in Buyer that are treated as equity for U.S. federal income tax purposes, in each case, to the extent legally required) will make an election under Section 338(h)(10) of the Code (and any corresponding election under state, local, and foreign tax law) with respect to the purchase and sale of the stock of BHC hereunder and to the extent permitted by applicable law any deemed purchase and sale of the stock of a Target Sub (as defined below) (collectively, the “Section 338(h)(10) Election”).

3.3.2 Allocation and Filing Procedures. Parent (and Seller, to the extent legally required) and Buyer (and the “common parent” (within the meaning of Treasury Regulations Section 1.1502-77(a)(1)(i) of the U.S. federal consolidated income tax return group that includes the Person that owns all of the interests in Buyer that are treated as equity for U.S. federal income tax purposes or the Person that owns all of the interests in Buyer that are treated as equity for U.S. federal income tax purposes, to the extent legally required) shall jointly prepare the Section 338 Forms (as defined below) and shall timely make any required filings and take any and all other actions necessary to effect a Section 338(h)(10) Election with respect to BHC and each Subsidiary in the BHC Group that is treated as a corporation for tax purposes (each, a “Target Sub”). Without limitation of the foregoing, Parent (and Seller, to the extent legally required) and Buyer shall cooperate fully, and in good faith, with each other in determining the “aggregated deemed selling price” (as defined in Treasury Regulations Section 1.338-4) and the “adjusted grossed-up basis” (as defined in Treasury Regulations Section 1.338-5) with respect to each purchase or deemed purchase in respect of which a Section 338(h)(10) election is being made and allocating such amounts among the assets of BHC and each Target Sub. If the parties cannot reach agreement on any matter relating to the preparation of the Section 338 Forms (including, but not limited to, the determination and allocation of aggregate deemed selling price and adjusted grossed-up basis) on or before the 30th day after the Net Capital is finally determined under Sections 1.6 and 1.7, either Parent (and Seller, to the extent legally required) or Buyer may submit the matter to the Accounting Firm for resolution of the disagreement within ten days, it being agreed that the fees and expenses of the Accounting Firm shall be borne by each party in proportion to respective weighted average percentages by which the allocation determined by the Accounting Firm varies from the allocation proposed by such party. Each of the parties covenants and agrees to report gain or loss, or cost basis, as the case may be, for all purposes in a manner consistent with such allocation (including, but not limited to, in the IRS Forms 8883 and all other Tax Returns filed by either of them subsequent to the Closing Date) and not to take any inconsistent position therewith on any Tax Return, in any administrative or judicial proceeding relating to such returns, or otherwise, except if, in the opinion of counsel reasonably acceptable to the other party, there has been a change in applicable law since the Closing Date and except as necessary to reflect the Contingent Payment. “Section 338 Forms” shall mean all Tax Returns, documents, statements, and other forms that are required to be submitted to the Internal Revenue Service or any state, local or foreign taxing authority by Parent, Seller, Buyer, the Person that owns all of the interests in Buyer that are treated as equity for U.S. federal income tax purposes or the “common parent” of the U.S. federal consolidated income tax return group that includes the Person that owns all of the interests in Buyer that are treated as equity for U.S. federal income tax purposes in connection with the Section 338(h)(10) Election, including, without limitation, the IRS Forms 8023 and 8883 (including, in each case, any schedules or attachments required to be attached thereto) and any other forms required to be filed by Treasury Regulations promulgated under Section 338(h)(10)(C) of the Code.

#### 3.4 Cooperation.

(a) Seller and Buyer will, and, following the Closing Date, Buyer will cause each member of the BHC Group to, provide each other with such cooperation and information as they may reasonably request of the other in filing any Tax Return, determining a liability for any Tax or a right to a refund of any Tax, or in conducting an audit or other proceeding in respect of any Tax. Such cooperation shall include, but not be limited to, providing access to the Books and Records of each member of the BHC Group, making employees of Buyer and of each member of the BHC Group available on a mutually convenient basis to provide explanation of any documents or information provided hereunder or otherwise as required in the preparation of any Tax Return or the conduct of any audit or other proceeding. Notwithstanding the preceding sentence, none of Seller, Buyer or the members of the BHC Group will be required to execute a power of attorney in favor of another Person or to take any position that Seller, Buyer or such member of the BHC Group determines is not supported by Applicable Law. Seller and Buyer shall, and, following the Closing Date, Buyer shall cause each member of the BHC Group to, retain all BHC Tax Returns, schedules and work papers and all other material records or documents relating to Taxes of members of the BHC Group or BHC Group's inclusion in Seller Group Tax Returns for all tax periods of the BHC Group members ending on or before or including the Closing Date until 60 days after the expiration of the applicable statute of limitations (including any extensions and waivers thereof). Any Tax Returns, documents or records obtained under this Section 3.4 shall be kept confidential, except as may be otherwise necessary in connection with the preparation or filing of Seller Group Tax Returns or BHC Tax Returns or in conducting an audit or other similar Tax proceeding.

(b) Buyer acknowledges that Seller Group, including members of BHC Group, is subject to special "limited issue focused exam" ("LIFE") audits by the IRS, and that with respect to Seller Group's 2002 and 2003 tax years, the IRS has identified certain issues relating to members of the BHC Group for audit. Accordingly, without limiting the generality of this Section 3.4, Buyer will, and will cause each member of the BHC Group to use commercially reasonable best efforts to make available to Seller or Seller's representatives all information relating to members of the BHC Group reasonably requested by Seller with respect to an audit (which request shall include a copy of the information request from the Governmental Authority) at least two (2) Business Days prior to the required time for responding to such information request from the Governmental Authority. In addition, Buyer will, and will cause each member of BHC Group to, make such information available for inspection and copying by Seller.

(c) The parties hereto agree to cooperate with and assist each other in all reasonable respects in transitioning the custodianship, trusteeship and/or sponsorship of the Plans from BHC or members of the BHC Group, as applicable, if so desired by the Buyer, to Buyer (or its designated Affiliate), effective as of the Closing Date or such later date as mutually agreed to by the Buyer and Seller.

3.5 Customer Communications. Immediately after the date of this Agreement, Seller and Buyer shall jointly prepare, and Seller shall deliver, or cause each applicable member of the BHC Group to deliver, to each BHC Customer, a communication regarding the acquisition of the BHC Group by Buyer in accordance with the terms of this Agreement and the consequences of such transaction to such BHC Customer. Seller and Buyer shall mutually agree upon and

cooperate in Buyer's initial contact with each such customer. Except as may otherwise be required by Applicable Law, prior to the Closing, neither Seller nor Buyer shall, or shall permit any agent or Affiliate to, send any other communication to any BHC Customer regarding this Agreement or the transactions contemplated hereby without the mutual consent of Buyer and Seller, not to be unreasonably withheld.

3.6 Buyer Designee. At the Closing, notwithstanding anything to the contrary herein Buyer may in its sole discretion designate to any of its Affiliates its right to purchase the Shares pursuant to the terms of this Agreement; provided, that no such designation shall relieve Buyer of its obligations under this Agreement.

3.7 BHC Customer Loan Defaults. In the event of a default prior to the Closing Date of any Indebtedness set forth on Schedule 3.7, Seller shall have the right to assign such defaulted Indebtedness from the applicable member of the BHC Group to Seller. Upon any such assignment, the Preliminary Cash Payment shall be reduced in an amount equal to such Indebtedness. Notwithstanding anything to the contrary herein, any default or assignment of any Indebtedness assigned to Seller pursuant to Section 3.7 as a result of a default shall not be deemed to be a breach of any representation and warranty of Seller made herein.

#### **ARTICLE IV CONDITIONS PRECEDENT**

4.1 Conditions to Obligations of Each Party. The obligations of Buyer and Seller to consummate the Closing shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

4.1.1 HSR Act Notification. In respect of the notifications of Buyer on the one hand and Seller and Parent on the other hand pursuant to the HSR Act, the applicable waiting period and any extensions thereof shall have expired or been terminated.

4.1.2 No Injunction, etc. Consummation of the transactions contemplated hereby shall not have been restrained, enjoined or otherwise prohibited by any Applicable Law, including any order, injunction, decree or judgment of any court or other Governmental Authority, and no action or proceeding brought by any Governmental Authority shall be pending at the Closing Date before any court or other Governmental Authority to restrain, enjoin or otherwise prevent the consummation of the transactions contemplated hereby, and there shall not have been promulgated, entered, issued or determined by any court or other Governmental Authority to be applicable to this Agreement any Applicable Law making illegal the consummation of the transactions contemplated hereby and no proceeding brought by any Governmental Authority with respect to the application of any such Applicable Law shall be pending.



4.2 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the Closing shall be subject to the fulfillment (or waiver by Buyer in writing) at or prior to the Closing Date of the following additional conditions, which Seller agrees to use reasonable efforts to cause to be fulfilled:

4.2.1 Representations, Performance, etc. Each of the representations and warranties of Seller and Parent contained in this Agreement that is qualified by materiality or Material Adverse Effect shall have been true and correct in all respects as of the date of this Agreement and each of the representations and warranties that is not so qualified shall be true and correct in all material respects as of the date of this Agreement. Each of the representations and warranties of Seller and Parent shall be true and correct in all respects as of the Closing Date (other than the accuracy of any representation or warranty that by its terms speaks only as of the date hereof or another date prior to the Closing Date shall be determined solely as of the date hereof or such other date, as the case may be), except where the failure to be so true and correct would not, individually or in the aggregate, have a Material Adverse Effect. Seller shall have duly performed and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date. Seller shall have delivered to Buyer a certificate, dated the Closing Date and signed by the President or a Vice President of Seller, to the effect set forth above in this Section 4.2.1.

4.2.2 Governmental Approvals. Seller shall have obtained all required Governmental Approvals. Copies of all Governmental Approvals shall have been delivered to Buyer.

4.2.3 Third Party Consents. All Consents of all Persons, other than Governmental Approvals, required for or in connection with the execution, delivery and performance of this Agreement and the consummation of the Closing and the other transactions contemplated by this Agreement set forth on Schedule 4.2.3.

4.2.4 Resignations. Buyer shall have received the resignations, effective as of the Closing, of all directors of each member of the BHC Group, except for such individuals as shall have been designated in writing prior to the Closing by Buyer to Seller.

4.2.5 Proceedings. All corporate and other proceedings of Seller that are required in connection with the transactions contemplated by this Agreement, and all documents and instruments incident to such proceedings, shall be reasonably satisfactory to Buyer and its counsel, and Buyer and such counsel shall have received all such documents and instruments, or copies thereof, certified if requested, as may be reasonably requested.

4.2.6 Termination of Tax Sharing Agreements. Any Income Tax or deferred Income Tax account (including an estimate of any amount due as a result of the Seller Group Tax Returns that include BHC Group but that will be filed after the Closing) will be settled, assigned or divided at the Closing, and all Tax sharing agreements or similar arrangements to which any member of the BHC Group is a party (and as to which a Person other than a member of the BHC Group is a party) will be terminated with respect to the members of the BHC Group without additional liability of any member of the BHC Group to any other party to such agreement or arrangement or of any party to such agreement or arrangement to any member of the BHC Group.

4.2.7 FIRPTA Compliance. Seller shall have delivered to Buyer a certificate of non-foreign status in the form set forth in Treasury Regulations Section 1.1445-2(b)(2)(iv)(B).

4.2.8 Transition Services Agreement. Seller shall deliver to Buyer and Buyer shall deliver to Seller a duly executed transition services agreement, in a form mutually agreeable to both Buyer and Seller and covering the services set forth on Schedule 4.2.8 and in conformity with the principles therein, pursuant to which Seller or one or more of its Affiliates will provide to Buyer services reasonably required by Buyer to enable it to conduct the business of the BHC Group substantially as conducted prior to the Closing Date.

4.2.9 Other Documents and Certificates. Each of Parent and Seller shall have delivered all other customary documents or certificates as Buyer may reasonably request a reasonable time prior to the Closing Date including appropriate receipts.

4.2.10 Assignment of Claims. Buyer shall have received executed assignments in form and substance satisfactory to Buyer from each member of the BHC Group and Seller assigning to Seller any claims existing prior to the Closing Date that any BHC Group member has against or in respect of Congressional or Washington Mutual, or their respective Affiliates, successors or assigns or existing or former principals, directors, officers, employees or agents.

4.3 Conditions to Obligations of Seller. The obligation of Seller to consummate the Closing shall be subject to the fulfillment (or waiver by Seller in writing), at or prior to the Closing Date, of the following additional conditions, which Buyer agrees to use reasonable efforts to cause to be fulfilled:

4.3.1 Representations, Performance, etc. Each of the representations and warranties of Buyer contained in this Agreement that is qualified by materiality or Material Adverse Effect shall have been true and correct in all respects as of the date of this Agreement and each of the representations and warranties that is not so qualified shall be true and correct in all material respects as of the date of this Agreement. Each of the representations and warranties of Buyer shall be true and correct in all respects as of the Closing Date (other than accuracy of any representation or warranty that by its terms speaks only as of the date hereof or another date prior to the Closing Date shall be determined solely as of the date hereof or such other date, as the case may be), except where the failure to be so true and correct would not, individually or in the aggregate, have a Material Adverse Effect. Buyer shall have duly performed and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing Date. Buyer shall have delivered to Seller a certificate, dated the Closing Date and signed by the President or a Vice President of Buyer, to the effect set forth above in this Section 4.3.1.

4.3.2 Employment Agreement. Buyer shall have agreed to assume the existing employment agreement, dated December 15, 2004, between Fiserv Securities, Inc. and Walter Koller.

4.3.3 Governmental Approvals. Buyer shall have obtained all required Governmental Approvals. Copies of all such Governmental Approvals shall have been delivered to Seller.

4.3.4 Proceedings. All corporate and other proceedings of Buyer that are required in connection with the transactions contemplated by this Agreement, and all documents

and instruments incident to such proceedings, shall be reasonably satisfactory to Seller and its counsel, and Seller and such counsel shall have received all such documents and instruments, or copies thereof, certified if requested, as may be reasonably requested.

4.3.5 Other Documents and Certificates. Buyer shall have delivered all other customary documents or certificates as Seller may reasonably request a reasonable time prior to the Closing Date.

## **ARTICLE V TERMINATION**

5.1 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by the written agreement of Buyer and Seller;

(b) by either Buyer or Seller if the Closing shall not have occurred by May 31, 2005; provided, however, that the right to terminate this Agreement under this Section 5.1(b) shall not be available to a party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;

(c) by Buyer, if there has been a material breach on the part of Parent or Seller of their respective covenants set forth herein or any material failure on the part of Parent or Seller or any of their respective Affiliates to perform their respective obligations hereunder (provided, that Buyer shall have performed and complied with, in all material respects, all agreements and covenants required by this Agreement to have been performed or complied with by Buyer) prior to such time;

(d) by Seller, if there has been a material breach on the part of Buyer of its covenants set forth herein, or any material failure on the part of Buyer or any of its Affiliates to perform its obligations hereunder (provided, that Parent and Seller shall have performed and complied with, in all material respects, all agreements and covenants required by this Agreement to have been performed or complied with by Parent and Seller) prior to such time; or

(e) by either Buyer or Seller in the event that any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable.

5.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 5.1, this Agreement shall become void and have no effect, without any liability to any Person in respect hereof or of the transactions contemplated hereby on the part of any party hereto, or any of their respective directors, officers, employees, agents, consultants, representatives, advisors, stockholders or Affiliates, except for any liability resulting from any party's breach of this Agreement and except that the provisions of Article VI shall survive any such termination. The foregoing sentence shall not be construed to limit any party's obligations under Section 6.4.

---

**ARTICLE VI**  
**DEFINITIONS, MISCELLANEOUS**

6.1 Definition of Certain Terms. The terms defined in this Section 6.1, whenever used in this Agreement (including in the Schedules but not including the Exhibits except as specified therein), shall have the respective meanings indicated below for all purposes of this Agreement. All references herein to a Section, Article or Schedule are to a Section, Article or Schedule of or to this Agreement, unless otherwise indicated.

Accounting Firm: as defined in Section 1.6.3.

Acquisition Proposal: means any inquiry, proposal or offer from any Person (other than Seller, Parent or any of their Affiliates) relating to (i) any merger, consolidation, recapitalization, tender offer, liquidation or other direct or indirect business combination involving Seller or any member of the BHC Group, (ii) any acquisition of, share exchange or exchange offer with respect to or other similar transaction involving, the capital stock of Seller or any member of the BHC Group, including any single or multi-step transaction or series of related transactions, or (iii) any acquisition, lease, license, purchase or other disposition of a substantial portion of the business or assets of any member of the BHC Group or Seller.

Actual Value: as defined in Section 1.6.4(c).

Adverse Consequences: means all actions, suits, proceedings, hearings, investigations, charges complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, Liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

Affiliate: means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person.

Agreement: this Stock Purchase Agreement, including the Schedules and Exhibits hereto.

Annualized 2004 Customer Account Revenue: as defined in Section 2.1.20(a).

Applicable Law: all applicable provisions of all (i) statutes, laws, rules, administrative codes, regulations or ordinances of any Governmental Authority, (ii) Governmental Approvals and (iii) orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority.

Applicable Percentage: as defined in Section 6.7.1.

Applicable Rate: the federal funds rate of interest publicly announced from time to time.

Benefit Plans: as defined in Section 2.1.15(a).

---

BHC: as defined in the preamble to this Agreement.

BHC Contracts: as defined in Section 2.1.8(a).

BHC Correspondent Customer: any customer to which BHC or any of its Subsidiaries or Affiliates provides clearing and other related services on the date hereof or on the Closing Date, as the case may be; provided, however, that for purposes of calculating the Contingent Payment the definition of "BHC Correspondent Customer" shall exclude customers that have given or received notice of termination prior to the date hereof.

BHC Customer: any BHC Correspondent Customer or any customer to which BHC or any of its Subsidiaries or Affiliates provides brokerage, financial, insurance or other related services on the date hereof or on the Closing Date, as the case may be.

BHC Employees: as defined in Section 3.2.3(a).

BHC Employment and Withholding Taxes: any federal, state, local or foreign employment, unemployment insurance, social security, disability, workers' compensation, payroll, health care, or other similar tax, duty or other governmental charge or assessment or deficiencies thereof or any tax required to be withheld by or on behalf of any member of the BHC Group in connection with amounts paid or owing to any employee, independent contractor, creditor or other party (including, but not limited to, all interest, additions to tax and penalties thereon, and additions thereto, and whether or not such item or amount is disputed).

BHC Facilities: any property presently or previously operated by any member of the BHC Group.

BHC Filings: as defined in Section 2.1.11(c).

BHC Financial Statements: the audited consolidated financial statements of BHC and the unaudited consolidated financial statements of the other members of the BHC Group as at and for the years ended December 31, 2003 and 2002 and as at and for the nine months ended September 30, 2004, including in each case a balance sheet, a statement of operations, a statement of changes in stockholders' equity and a statement of cash flows.

BHC Group: BHC and BHC's direct and indirect Subsidiaries.

BHC Group 401 (k) Participants: as defined in Section 3.2.3(b).

BHC Group Plans: as defined in Section 2.1.15(a).

BHC Intellectual Property: as defined in Section 2.1.9(a).

BHC Pension Plan: as defined in Section 2.1.15(e).

BHC Permitted Encumbrances: as defined in Section 2.1.7.

---

BHC Plans: as defined in Section 2.1.15(a).

BHC Policies and Procedures: as defined in Section 2.1.13(e).

BHC Registered Broker-Dealers: as defined in Section 2.1.13(a).

BHC Shares: as defined in the preamble to this Agreement.

BHC Tax Return: any Tax Return (other than a Seller Group Tax Return) required to be filed by or on behalf of any member of the BHC Group.

Books and Records: means all books of account and other financial records, files, documents, data, instruments, controls, books and records relating to any member of the BHC Group or Buyer, as applicable, including the books and records required under Rules 17a-3 and 17a-4 of the Exchange Act and other Applicable Law.

Business Day: a day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

Buyer: as defined in the introductory paragraph of this Agreement.

Buyer Basket: as defined in Section 6.2.4(b).

Buyer 401 (k) Plan: as defined in Section 3.2.3(b).

Closed Foreign Accounts: as defined in Section 1.5.3.

Closing: as defined in Section 1.3.

Closing Date: as defined in Section 1.3.

Closing Date Balance Sheet: as defined in Section 1.6.2.

COBRA: as defined in Section 2.1.15(i).

Code: the United States Internal Revenue Code of 1986, as amended.

Commission: the Securities and Exchange Commission.

Common Stock: the Common Stock, par value \$ 1.00 per share, of BHC.

Competitive Business: the business of (i) providing clearing and execution services for correspondent broker-dealers, (ii) dual employee sales compliance to broker-dealers and banks, and (iii) retail brokerage, including, without limitation, online brokerage, but excluding securities brokerage services provided to customers of Fiserv Investment Support Services that are provided trust and custody services.

Confidentiality Agreement: that certain letter agreement, dated as of October 1, 2004, relating to confidential information exchanged between Buyer and Seller.

---

Congressional: Congressional Securities, Inc.

Consents: any consent, approval, authorization, waiver, permit, license, grant, exemption or order of, or registration, declaration or filing with, any Person, including, but not limited to, any Governmental Authority.

Contingent Payment: as defined in Section 6.7.1.

Control: (including the terms “Controlled by” and “under common Control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract, as trustee or executor, or otherwise.

Cromwell: as defined in Section 3.2.4.

Customer Account: as defined in Section 2.1.20(a).

Customer Account Information: any agreements, contracts, correspondence, electronic mails, data, documents, forms, statements, confirmations, records and information relating to the past and present customers of the BHC Group.

Customer Account Schedule: as defined in Section 2.1.20(a).

Denver Leases: means the lease for real property pursuant to (i) Office Lease, dated August 20, 1996, between Metropolitan Life Insurance Company and Hanifen, Imhoff Holdings, Inc., as amended, (ii) Sublease, dated May 31, 2001, between Fiserv Correspondent Services, Inc. and Investment Consulting Group LLC and (iii) Sublease Agreement between Fiserv Securities, Inc. and Architects in Communications.

Dispute Notice: as defined in Section 6.7.2.

Draft Net Capital Schedule: as defined in Section 1.6.2.

Environmental Law: all federal, state, local and foreign statutes, ordinances, regulations, orders, directives, decrees and other requirements of law and obligations arising under common law, concerning pollution or protection of public health or the environment.

ERISA: the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

ERISA Affiliate: as to any Person, any other Person which, together with such Person, is or has been treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

Estimated Net Capital: as defined in Section 1.6.1.

Estimated Net Capital Schedule: as defined in Section 1.6.1.

Exchange Act: the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

Final Statement: as defined in Section 6.7.2.

Fiserv Forms BD: the Form BD, dated December 14, 2004 and October 25, 2004, of Fiserv Securities, Inc., the Form BD, dated December 7, 2004, of Fiserv Investor Services, Inc. and the Form BD, dated December 7, 2004, of TradeStar Investments, Inc.

GAAP: as defined in Section 2.1.3(a).

Governmental Approval: any Consent of, with or to any Governmental Authority.

Governmental Authority: any nation or government, any state or other political subdivision thereof, including, without limitation, (i) any court, governmental agency, department, commission or instrumentality of the United States, or any State of the United States, or (ii) any securities or commodities exchange, clearing organization, self-regulatory organization or authority.

Hazardous Substances: “hazardous substances” under any Environmental Law, “pollutants,” “contaminants” or “regulated substances” under any Environmental Law, or any other substance considered toxic, hazardous, or a potential threat to public health or the environment, the presence of which might result in a party incurring liability under any Environmental Law.

High Value: as defined in Section 1.6.4(b).

HIPAA: as defined in Section 2.1.15(i).

HSR Act: the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

Income Tax: any federal, state, local or foreign Tax (a) based on, measured by or calculated with respect to net income or profits or (b) based on, measured by or calculated with respect to multiple bases (including without limitation corporate franchise Taxes) if one or more of the bases on which such Tax may be based is described in clause (a), in each case together with interest, additions to tax and penalties thereon.

Indebtedness: means, with respect to any Person, (a) all indebtedness of such Person, whether or not contingent, for borrowed money, (b) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (c) all indebtedness created or arising under any conditional sale, sale leaseback or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (d) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (e) all obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities, (f) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any capital stock of such Person or any warrants, rights or options to acquire such capital stock, valued, in the case of redeemable preferred stock, at the greater of its voluntary or involuntary liquidation preference plus accrued



and unpaid dividends, and (g) all Indebtedness of others referred to in clauses (a) through (f) above guaranteed directly or indirectly in any manner by such Person or in effect guaranteed directly or indirectly by such Person.

Intellectual Property: BHC Intellectual Property, United States and foreign trademarks, service marks, trade names, logos, trade dress, domain names, copyrights, inventions, processes, designs, formulae, trade secrets, know-how, confidential information, business and marketing plans, customer lists and information, computer software, data and documentation, letters patent and patent applications and all similar intellectual property rights, including registrations and applications to register or renew the registration of any of the foregoing, the goodwill associated with all of the foregoing and the right to sue for past infringement of any of the foregoing.

Investment Advisors Act: as defined in Section 2.1.13(f).

IRS: the United States Internal Revenue Service.

Knowledge of Buyer: the actual knowledge, after reasonable due inquiry, of Mark Healy, Kevin Dowling, Jay Freedman, Susan Sturdy and Jody Forchheimer.

Knowledge of Seller: the actual knowledge, after reasonable due inquiry, of Bob Beriault, Walt Koller, Dan Gallagher and Fred Koczwara.

Leases: all the lease documents listed on Schedule 2.1.7 except the Denver Leases.

Lien: any mortgage, pledge, deed of trust, option, right of first refusal, lease, license, easement, covenant, condition, servitude, transfer restriction, hypothecation, security interest, encumbrance, title retention agreement, lien (statutory or otherwise), charge, occupancy right or other similar right.

LIFE: as defined in Section 3.4(b)

Lost Customer Accounts: accounts whereby the BHC Correspondent Customer shall have (a) closed or indicated an intention to close that account (other than in connection with a transfer to the Books and Records of Buyer) or (b) transferred, withdrawn, or otherwise removed or indicated an intention to transfer, withdraw or otherwise remove from such account (other than to the Books and Records of Buyer), in one or more transactions, assets (net of deposits or additions, if any) that represented or would represent 50% or more of the Net Account Asset Value of the Customer Account as set forth opposite such name of such Customer Account under the column headed "Net Account Asset Value per Customer Account as of December 14, 2004" of the Customer Account Schedule; provided, that with respect to clauses (a) and (b) any Customer Account of a BHC Correspondent Customer transferred to the Books and Records of Buyer between the date of this Agreement and the end of Year One shall not be deemed to be a "Lost Customer Account" as a result of such transfer in determining the Contingent Payment.

Low Value: as defined in Section 1.6.4(a).

**Material Adverse Effect:** with respect to any Person or Persons, means any state of facts, circumstance, change, event, that is materially adverse to the business, reputation, assets, condition (financial or otherwise), results of operations, liabilities or properties of such Person or Persons, taken as a whole in the event that there is more than one such Person; provided, that any effect due to (i) changes in the United States or foreign economies in general, (ii) changes in such Person or Persons' industries in general and not specifically relating to such Person or Persons and (iii) the execution of this Agreement (including the identity of the Buyer) and the consummation of the transactions contemplated by this Agreement shall be deemed not to have a Material Adverse Effect. Any reference in this Agreement to "Material Adverse Effect on the BHC Group" shall mean a Material Adverse Effect on the BHC Group, taken as a whole.

**NASD:** NASD, Inc.

**Net Account Asset Value:** with respect to any Customer Account, the aggregate market value of all positions held in such account (including long and short securities positions, with appropriate netting adjustments, and cash positions) as of the close of the trading day immediately preceding the date such calculation is made.

**Net Capital:** means the aggregate net capital of Fiserv Securities, Inc., Fiserv Investor Services, Inc. and TradeStar Investments, Inc. calculated in accordance with Rule 15c3-1 and on a basis consistent with past practice unless otherwise adjusted to reflect Buyer's and Seller's agreement to the pre-closing adjustments set forth on Schedule 1.6.1.

**Net Capital Schedule:** as defined in Section 1.6.3.

**Net Revenue:** means the revenues of a Person determined in accordance with GAAP and consistent with the manner in which the revenues set forth on Customer Account Schedule were determined.

**NYSE:** New York Stock Exchange, Inc.

**Organizational Documents:** as to any Person, if a corporation, its articles or certificate of incorporation or memorandum and articles of association, as the case may be, and bylaws; if a partnership, its partnership agreement; and if some other entity, its constituent documents.

**Parent:** as defined in the introductory paragraph of this Agreement.

**PBGC:** Pension Benefit Guaranty Corporation.

**Permit:** means any approval, authorization, consent, franchise, registration, variance, license, permit, certificate or similar rights from or by any Governmental Authority.

**Person:** any natural person or any firm, partnership, limited liability partnership, association, corporation, limited liability company, trust, business trust, Governmental Authority or other entity.

---

Plan: as defined in Section 2.1.13(i).

Pre-Closing Period: means any taxable period ending on or prior to the Closing Date and includes the portion of any Straddle Period that begins at the beginning of such Straddle Period and ends on the close of the Closing Date.

Pre-Closing Portion: as defined in Section 6.2.2(a)(v).

Preliminary Cash Payment: as defined in Section 1.2.

Preliminary Statement: as defined in Section 6.7.2.

Purchase Price: as defined in Section 1.2.

Qualifying Revenue: the total Net Revenue for Year One generated by the Customer Accounts in respect of products and services offered by the BHC Group prior to Closing or substitutions of similar products and services offered by Buyer or any of its Affiliates therefor from Customer Accounts listed on the Customer Account Schedule (as per Schedule 2.1.20(a)(i)) that are not Lost Customer Accounts nor Customer Accounts of BHC Correspondent Customers terminated by Buyer (including without limitation, those Customer Accounts of BHC Correspondent Customers that have received notice of termination), in each case as of the last day of Year One. For purposes of determining Qualifying Revenue, in the event that products or services producing Qualifying Revenue are incorporated into or “bundled” with other products or services of the BHC Group or Buyer and not separately invoiced to a BHC Correspondent Customer, Qualifying Revenue with respect to such sales shall be calculated in good faith on the basis of the respective prices for which such products or services producing Qualifying Revenue and such other products or services have most recently been sold to a BHC Correspondent Customer on a stand-alone basis in commercial quantities pursuant to an arm’s-length transaction.

Regulatory Agreement: as defined in Section 2.1.13(d).

Retained Names: as defined in Section 3.2.7.

Rule 15c3-1: Rule 15c3-1 promulgated under the Securities Exchange Act of 1934, as amended.

Section 338(h)(10) Election: as defined in Section 3.3.1.

Section 338 Forms: as defined in Section 3.3.2.

Securities Act: the Securities Act of 1933, as amended.

Seller: as defined in the introductory paragraph of this Agreement.

Seller Basket: as defined in Section 6.2.4(a).

---

Seller 401(k) Plan: as defined in Section 3.2.3(b).

Seller Group: the federal Income Tax consolidated return group of which Seller and BHC are members and any similar group on which the income of Seller or any Affiliate of Seller (other than a member of the BHC Group) and any member of the BHC Group is reported on a combined, consolidated or unitary basis for the purposes of any state, foreign or local Income Tax.

Seller Group Tax Return: any Tax Return of the Seller Group that has included one or more members of the BHC Group (or any corporate predecessor of such a member).

Seller Plans: as defined in Section 2.1.15(a).

Shortfall: as defined in Section 1.5.3.

Significant Subsidiary: each of Fiserv Securities, Inc., Fiserv Investor Services, Inc. and TradeStar Investments, Inc.

Straddle Period: means any taxable period that begins on or prior to the Closing Date and ends after the Closing Date.

Subsidiary: each corporation or other Person in which a Person owns or controls, directly or indirectly, capital stock or other equity interests representing more than fifty percent (50%) of the outstanding voting stock or other equity interests.

Target Sub: as defined in Section 3.3.2.

Targeted Net Capital: the amount set forth on Schedule 6.1.

Tax or Taxes: means any and all federal, state, local or foreign net or gross income, gross receipts, net proceeds, sales, use, ad valorem, value added, franchise, bank shares, withholding, payroll, employment, excise, property, deed, stamp, alternative or add-on minimum, environmental, profits, windfall profits, transaction, license, lease, service, service use, occupation, severance, energy, unemployment, social security, worker's compensation, capital, premium and other taxes, assessments, customs, duties, fees, levies or other governmental charges of any nature whatsoever, whether disputed or not, together with any interest, penalties, additions to tax or additional amounts with respect thereto.

Tax Return: any return, report, declaration, form, claim for refund or credit or information return or statement relating to a Tax, including any schedule or attachment thereto, and including any amendment thereof.

Treasury Regulations: the federal Income Tax regulations promulgated under the Code.

WARN Act: as defined in Section 2.1.15(m),

Year One: the year ending on the first anniversary of the Closing Date.

## 6.2 Survival of Representations, Warranties and Covenants; Indemnification

6.2.1 Survival of Representations, Warranties and Covenants. The representations and warranties and the covenants and other obligations contained in this Agreement or in any certificate delivered in connection herewith shall survive the Closing as follows: (a) the representations and warranties in Sections 2.1 (except those in Sections 2.1.1, 2.1.2(a) – (c), 2.1.3(e), 2.1.6, 2.1.13(i)-(t) and 2.1.15) and 2.2 (except those in Section 2.2.1) will survive until eighteen (18) months after the Closing Date; (b) the representations and warranties in Sections 2.1.6, 2.1.13(i)-(t) and 2.1.15 and the covenants in Sections 3.1.3(d) and 3.4(c) shall survive until 60 days after the applicable statute of limitations (including any extensions and waivers thereof) has expired; (c) the representations and warranties in Section 2.1.3(e) shall survive until six (6) years after the Closing Date; and (d) the representations and warranties in Sections 2.1.1, 2.1.2(a) – (c) and 2.2.1 and the covenants and other obligations in this Agreement shall survive indefinitely.

### 6.2.2 General Indemnity.

(a) Parent and Seller Indemnity. Subject to the terms and conditions of this Section 6.2, Parent and Seller, jointly and severally (reserving unto each other any rights of contribution), hereby agree to indemnify, defend and hold Buyer and BHC and their respective Affiliates, officers, directors, employees, agents and representatives harmless from and against all damages to and liabilities of Buyer or BHC or their respective Affiliates, officers, directors, employees, agents and representatives, as the case may be (including those resulting from or relating to demands, claims, actions or causes of action, assessments or other losses, costs and expenses relating thereto, interest and penalties thereon and reasonable attorneys' fees and related disbursements and other expenses in respect thereof), arising out of or in connection with any of the following:

- (i) any inaccuracy in or breach of any representation or warranty of Parent or Seller contained in or made pursuant to this Agreement or in any certificate delivered pursuant to this Agreement (reading such representations or warranties without regard to any materiality qualifier, including "Material Adverse Effect," contained therein);
- (ii) any failure or breach of any of Parent, Seller or, on or prior to the Closing Date, BHC or its Subsidiaries, as the case may be, duly to perform or observe any term, provision or covenant or agreement to be performed or observed by any of them pursuant to this Agreement;
- (iii) any Tax imposed upon Seller, a Seller Group or any Affiliate of Seller for any period;
- (iv) any Tax for a Pre-Closing Period for which a member of the BHC Group may be liable (x) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or foreign law), (y) as a transferee or successor or (z) by contract;
- (v) any Tax imposed on any member of the BHC Group for a Pre-Closing Period (including the portion of any Tax imposed on a member of the BHC

Group for a Straddle Period that is allocable to the portion of such period ending at the close of the Closing Date (the Pre-Closing Portion”));

(vi) any Tax imposed as a result of transactions described in Section 3.1.1(g);

(vii) any failure of a Tax Return of or relating to a Seller Group or a member of the BHC Group, or required to be filed or provided by a member of the BHC Group, required to be filed or provided prior to the Closing Date or for which Seller is responsible for filing under this Agreement to be (x) timely filed or provided and (y) accurate;

(viii) any liability of a member of the BHC Group arising from a failure to comply with any Tax withholding requirements imposed with respect to a payment made at or prior to the Closing or for any failure to properly deposit or otherwise remit to the applicable Governmental Authorities any amounts required to be so withheld and deposited or remitted on or prior to the Closing Date;

(ix) the litigation, actions, proceedings, arbitrations or regulatory investigations listed on Schedule 6.2.2(a)(ix);

(x) the ownership, use or conduct of the business of the BHC Group by Seller and Parent on or prior to the Closing Date, including, without limitation, any litigation, action, proceeding, arbitration or regulatory investigation arising out of or relating to or in connection with events occurring on or prior to the Closing Date, regardless of when such claim is asserted, except to the extent that any such liability is accrued or reserved for on the Closing Date Balance Sheet; and

(xi) the agreements and items listed on Schedule 6.2.2(a)(xi).

In determining the Taxes for a Straddle Period allocable to the Pre-Closing Portion, except as provided in the next sentence, the allocation shall be made on the basis of an interim closing of the books as of the end of the Closing Date. In the case of real, personal and intangible property Taxes, fixed dollar minimum Taxes and ad valorem Taxes the portion of such Taxes for a Straddle Period allocable to the Pre-Closing Portion shall be the amount of such Taxes for the Straddle Period (computed in accordance with past practice), multiplied by a fraction, the numerator of which is the number of such days in such taxable period ending on and including the Closing Date and the denominator of which is the aggregate number of days in such taxable period; provided, however, that if any property, asset or other right of a member of the BHC Group is sold or otherwise transferred prior to the Closing, then ad valorem Taxes pertaining to such property, asset or other right shall be attributed entirely to the Pre-Closing Portion. For purposes of determining Taxes for or allocable to a Pre-Closing Period, each entity that is treated as a partnership for federal income tax purposes and that is owned directly or indirectly (through entities that are disregarded entities for federal income tax purposes or that are themselves treated as partnerships for federal income tax purposes) by a member of the BHC Group will be treated as though its taxable year ended on the Closing Date.

For purposes of computing the amount of any indemnity payment relating to a Tax for a Pre-Closing Period, such amount shall be reduced by the aggregate amount of Pre-Closing Period Taxes reflected as liabilities on the Closing Date Balance Sheet (net of credits, if any, for Pre-Closing Period Taxes reflected as assets on the Closing Date Balance Sheet), to the extent not previously applied as an offset hereunder.

(b) Buyer Indemnity. Subject to the terms and conditions of this Section 6.2, Buyer hereby agrees to indemnify, defend and hold Parent and Seller and their respective Affiliates, officers, directors, employees, agents and representatives harmless from and against all damages to and liabilities of Parent or Seller and their respective Affiliates, officers, directors, employees, agents and representatives, as the case may be (including those resulting from or relating to demands, claims, actions or causes of action, assessments or other losses, costs and expenses relating thereto, interest and penalties thereon and reasonable attorneys' fees and related disbursements and other expenses in respect thereof), arising out of or in connection with any of the following:

(i) any inaccuracy in or breach of any representation or warranty of Buyer contained in or made pursuant to this Agreement or in any certificate delivered pursuant to this Agreement (reading such representations or warranties without regard to any materiality qualifier, including "Material Adverse Effect," contained therein);

(ii) any failure or breach of Buyer duly to perform or observe any term, provision, covenant or agreement to be performed or observed by Buyer pursuant to this Agreement;

(iii) the conduct of the business of the BHC Group by Buyer subsequent to the Closing Date; provided, that in no event shall clause (iii) require that Parent and Seller and their Affiliates be indemnified for payments Parent and Seller are required to make pursuant to Section 6.2.2(a) hereof; or

(iv) Buyer's use of the Retained Names and materials in accordance with Section 3.2.7(b).

(c) Exclusive Remedy. From and after the Closing, the parties hereby acknowledge and agree that their sole and exclusive remedy with respect to any and all claims relating to the subject matter of this Agreement (other than a claim for fraud, intentional misrepresentation or for specific performance of the terms of this Agreement, including payment of the Purchase Price by Buyer pursuant to Sections 1.2 and 1.6 of this Agreement) shall be pursuant to the indemnification provisions set forth in this Section 6.2.

(d) Further Limitations. Other than with respect to any claims referred to in the parenthetical phrase in Section 6.2.2(c) of this Agreement that may be brought by Parent or Seller, as the case may be, in no event shall any party be liable for consequential, incidental, exemplary or punitive damages (except to the extent paid by an indemnified party to third parties); provided, however, that any Tax liability shall not be considered consequential damages.

### 6.2.3 Third Party Claims: Taxes

(a) Third Party Claims. If any claim, assertion or proceeding by or in respect of a third party is made against an indemnified party or any event in respect of a third party occurs, and if the indemnified party intends to seek indemnity with respect thereto under this Section 6.2 or to apply any damage or liability arising therefrom to the Seller Basket or Buyer Basket, as applicable, referred to in Section 6.2.4, the indemnified party shall promptly notify the indemnifying party of such claim in writing. Except with respect to claims relating to Taxes, the indemnifying party shall have 30 days after receipt of such notice to undertake, conduct and control, through counsel of its own choosing and at its expense, the settlement or defense thereof, and the indemnified party shall cooperate with it in connection therewith; provided, however, that (i) the indemnifying party shall permit the indemnified party to participate in such settlement or defense through counsel chosen by the indemnified party; provided, that the fees and expenses of such counsel shall be borne by the indemnified party, (ii) the indemnifying party shall promptly reimburse the indemnified party for the full amount of any liability resulting from such claim and all related and reasonable expenses (other than the fees and expenses of counsel as aforesaid) incurred by the indemnified party within the limits of this Section 6.2 and subject to the Seller Basket or Buyer Basket, as applicable, referred to in Section 6.2.4, (iii) the indemnified party shall not, without the prior written consent of the indemnifying party, settle or compromise any claim or consent to the entry of any judgment which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the indemnified party of a release from all liability in respect of such claim and (iv) nothing herein shall require any indemnified party to consent to the entry of any order, injunction or consent decree materially affecting its ability to conduct its business operations after the date thereof. So long as the indemnifying party is reasonably contesting any such claim in good faith, the indemnified party shall have the right to pay or settle any such claim; provided, however, that in such event it shall waive any right to indemnity therefor by the indemnifying party. If the indemnifying party does not notify the indemnified party within 30 days after the receipt of the indemnified party's written notice of a claim of indemnity hereunder that it elects to undertake the defense thereof, the indemnified party shall have the right to contest, settle or compromise the claim in the exercise of its reasonable judgment at the expense of the indemnifying party. In any event, the indemnifying party and the indemnified party shall cooperate in the defense of any claim subject to Section 6.2.2(a)(ix) and the records of each shall be available on reasonable notice during regular business hours to the other with respect to such defense. Each party shall cooperate at no charge to the other; provided, the party requesting cooperation shall reimburse the cooperating party for reasonable out-of-pocket expenses in connection with such cooperation.

(b) Taxes. If any claim, assertion or proceeding relating to Taxes is made and if the indemnified party intends to seek indemnity under this Section 6.2, the indemnified party shall promptly notify the indemnifying party of such claim, assertion or proceeding in writing. If the indemnified party reasonably determines that such claim, assertion or proceeding (i) involves solely Taxes that are potentially subject to indemnification hereunder and (ii) will not adversely affect the indemnified party or any of its Affiliates (including in a different taxable period) with respect to any Taxes that are not subject to indemnification hereunder, then the indemnified party shall provide the indemnifying party with written notice offering the indemnifying party the opportunity to control such claim, assertion or proceeding. The indemnifying party shall have 30 days after receipt of such notice to provide the indemnified party with notice that the indemnifying party shall undertake, conduct and control, through counsel of its own choosing and at its own expense, the settlement or defense thereof, and the indemnified party shall provide



reasonable cooperation in connection therewith; provided, however, (i) the indemnifying party shall permit the indemnified party to participate in such settlement or defense through counsel chosen by the indemnified party (provided, that the fees and expenses of such counsel shall be borne by the indemnified party), (ii) nothing herein shall require that the indemnified party provide a power of attorney to any Person (other than a power of attorney permitting communications between the indemnifying party and its counsel and the relevant taxing authority) or to take any position that it reasonably determines (x) is fraudulent, (y) lacks a reasonable basis or (z) where the Buyer is the indemnified party, which would adversely affect a member of the BHC Group, Buyer or an Affiliate of Buyer in a taxable period ending after the Closing Date; and (iii) nothing herein shall require the indemnified party to consent to the entry of any order, injunction or consent decree materially affecting its ability to conduct its business operations after the Closing Date. If the indemnifying party does not notify the indemnified party within 30 days after the receipt of the indemnified party's written notice of an opportunity to control such settlement or defense, the indemnified party shall have the right to contest, settle or compromise the claim in the exercise of its reasonable judgement at the expense of the indemnifying party.

If the indemnified party reasonably determines that a claim, assertion or proceeding relating to Taxes as to which the indemnified party intends to seek indemnity under this Section 6.2 either (i) involves, in addition to Taxes that are potentially subject to indemnification hereunder, other Taxes or (ii) may adversely affect the indemnified party or any of its Affiliates (including in a different taxable period) with respect to any Taxes that are not subject to indemnification hereunder, the indemnified and the indemnifying party shall jointly control the conduct of such claim, assertion and proceeding. In the event of any dispute between the indemnified and the indemnifying parties regarding the exercise of such control, the parties shall submit such dispute to the Accounting Firm for resolution. The Accounting Firm shall resolve such dispute based on its judgement of how best to reduce the aggregate present value of the Tax liabilities of the BHC Group for all open periods (including future periods). In submitting a dispute to the Accounting Firm for resolution under this Section 6.2.3, the parties shall require that the Accounting Firm resolve such dispute in a sufficiently timely fashion so that whichever course of action the Accounting Firm resolves the dispute in favor of may be pursued in a timely fashion. If the parties fail to agree regarding an allocation of the costs of such joint control, the parties shall submit such dispute to the Accounting Firm for resolution, with the Accounting Firm resolving such dispute based upon the relative benefits to the parties from the defense of such claim, assertion or proceeding.

The parties hereto shall take all commercially reasonable steps to have claims, assertions or proceedings relating to Taxes that are potentially indemnifiable under this Section 6.2 separated from all claims, assertions or proceedings relating to Taxes that are not potentially so indemnifiable.

#### 6.2.4 Limitation on Indemnities.

(a) No claim for indemnification will be made by Buyer and/or BHC under Sections 6.2.2(a)(i) and 6.2.2(a)(x) with respect to any individual item of liability or damage unless and to the extent that the aggregate of all such claims by Buyer and/or BHC shall be in excess of \$3.0 million (the "Seller Basket"), whereupon Parent and Seller, jointly and severally,

shall be liable for all such claims, damages and liabilities in excess of the Seller Basket up to a maximum amount equal to \$109.2 million. Notwithstanding the foregoing, claims for indemnification arising under any of Sections 2.1.1, 2.1.2(a)-(c), 2.1.3(e) and 2.1.6, or for breach of a representation, warranty or covenant set forth herein relating to Taxes shall not be subject to the limitations set forth in the preceding sentence (and shall be disregarded in determining the application of the preceding sentence to other claims for indemnification).

(b) No claim for indemnification will be made by Parent and/or Seller under Section 6.2.2(b)(i) with respect to any individual item of liability or damage unless and to the extent that the aggregate of all such claims by Parent and/or Seller shall be in excess of \$3.0 million (the "Buyer Basket"), whereupon Buyer shall be liable for all such claims, damages and liabilities in excess of the Buyer Basket up to a maximum amount equal to \$109.2 million. Notwithstanding the foregoing, claims for indemnification arising under Sections 2.2.1 shall not be subject to the limitations set forth in the preceding sentence (and shall be disregarded in determining the application of the preceding sentence to other claims for indemnification).

(c) Payments by an indemnifying party pursuant to Section 6.2.2 shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment actually recovered by the indemnified party from any third party with respect thereto. Notwithstanding anything to the contrary contained in this Agreement, no claim by any party hereto may be asserted, nor may any action be commenced against any party hereto, for breach of any representation, warranty, covenant or agreement unless notice thereof is received in writing describing in reasonable detail the facts or circumstances with respect to the subject matter of such claim on or before the date on which the representation, warranty, covenant or agreement on which such claim or action is based ceases to survive as set forth in Section 6.2.1, irrespective of whether the subject matter of such claim or action shall have occurred before, on or after such date.

#### 6.2.5 Effect on the Purchase Price.

(a) Adjustment to Purchase Price. Any payment made under Section 6.2 shall constitute an adjustment to the Purchase Price for all purposes, including federal, state and local tax as well as financial accounting purposes, except as otherwise required by GAAP for financial accounting purposes only.

(b) Tax Adjustments. Any adjustment to the Purchase Price shall be taken into account in recomputing the "aggregated deemed selling price" and "adjusted grossed-up basis" (and any comparable amounts required under applicable law) with respect to the Section 338(h)(10) Election and allocations under Section 3.3. The parties shall cooperate with each other in determining such calculation and any changes to the allocations. If the parties cannot agree on such amounts or allocations within 30 days, the matter shall be immediately submitted to and determined by the Accounting Firm, who shall render a determination within 30 days of submission by the parties. Such determination shall be conclusive and binding on the parties. The fees and expenses of the Accounting Firm shall be allocated in the same manner as in Section 3.3.2. The parties shall file any required forms in connection with any Purchase Price adjustment and shall promptly furnish a copy thereof for the other parties. In the event the allocation of any adjustment is disputed by the IRS or any other taxing authority, the party

receiving the notice of such dispute shall promptly notify and consult with the other parties concerning the resolution of such dispute, and shall keep the other parties apprised of the status of such dispute and the resolution thereof.

6.2.6 Knowledge. No right of indemnification hereunder shall be limited in any respect by any investigation by any Person, whether pre-claim or post-claim, or the knowledge of any Person of any breach hereunder or the decision by any Person to complete the Closing. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, payment of damages or liabilities or other remedy based on such representations, warranties, covenants, and obligations.

### 6.3 Non-Competition/Non-Solicitation

(a) Non-Competition. For a period of three (3) years following the Closing Date, each of Parent and Seller will not, directly or indirectly, (i) engage in any Competitive Business or (ii) own, manage, operate, join or have a financial interest in any form (including the interest of a creditor for money borrowed) in, control or participate in the ownership, management, operation or control of, be retained as a consultant or agent of or act in any other representative capacity whatsoever for, use or permit Seller's or Parent's name to be used in connection with, or be otherwise connected in any manner with, any Person engaged in any Competitive Business. Ownership of stock of any corporation listed on a national securities exchange will not be deemed a violation of this Section 6.3(a) so long as Parent and its Affiliates collectively do not own more than an aggregate of five percent (5%) of the voting stock of such corporation.

(b) Non-Solicitation. For a period of three (3) years following the Closing Date, each of Parent and Seller will not, directly or indirectly, (i) solicit for employment (or any similar arrangement) any employee of the BHC Group, Buyer or any of their respective Affiliates, (ii) persuade, induce or attempt to persuade or induce any employee of the BHC Group, Buyer or any of their respective Affiliates to leave his, her or its employment or to refrain from providing services to the BHC Group, Buyer or any of their respective Affiliates, (iii) solicit or induce, or in any manner attempt to solicit or induce, or cause or authorize any other Person to solicit or induce any Person to cease doing business with the BHC Group, Buyer or any of their respective Affiliates, or (iv) disparage Buyer, the BHC Group or any of their respective Affiliates to any employee of the BHC Group, Buyer or any of their respective Affiliates or any customer or client, prospective customer or client or former customer or client of the BHC Group, or encourage any customer or client or prospective customer or client to not continue to or retain the services of the BHC Group, Buyer or any of their respective Affiliates; provided, that the restriction in clause (i) herein shall not prohibit (A) the solicitation of any person who contacts Seller or any of its Affiliates on his or her own initiative without any solicitation or encouragement by Seller or any of its Affiliates, (B) any solicitation by a professional search firm where Seller or any of its Affiliates has not directed such firm to solicit that person, (C) generalized solicitations by advertising and the like which are not directed to specific individuals or employees of the BHC Group, Buyer or any of their respective Affiliates; or (D) solicitations of persons no longer employed by the BHC Group, Buyer or any of their respective Affiliates.

(c) Modification of Covenant. The parties hereto recognize that the Laws and public policies of the various States of the United States of America may differ as to the validity and enforceability of covenants similar to those set forth in this Section 6.3. It is the intention of the parties that the provisions of this Section 6.3 be enforced to the fullest extent permissible under the Applicable Laws and policies of each jurisdiction in which enforcement may be sought, and that the unenforceability (or the modification to conform to such Applicable Laws or policies) of any provisions of this Section 6.3 shall not render unenforceable or impair the remainder of the provisions of this Section 6.3. Accordingly, if at the time of enforcement of any provision of this Section 6.3, a court of competent jurisdiction holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area reasonable under such circumstances will be substituted for the stated period, scope or geographical area and that such court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and geographical area permitted by Applicable Law.

(d) Remedies. Each of Parent and Seller expressly acknowledge that the restrictive covenants set forth in this Section 6.3, including, without limitation, the geographic scope and duration of such covenants, are necessary in order to protect and maintain the proprietary interests and other legitimate business interests of Buyer, and that any violation thereof would result in irreparable injuries to Buyer that would not be readily ascertainable or compensable in terms of money, and therefore Buyer shall, notwithstanding anything to the contrary in this Agreement, be entitled to obtain from any court of competent jurisdiction temporary, preliminary and permanent injunctive relief as well as damages, which rights shall be cumulative and in addition to any other rights or remedies to which it may be entitled. Each of Parent and Seller further agrees that if it is determined that it has willfully breached the terms of this Section 6.3, Buyer shall be entitled to recover from the Seller all costs and reasonable attorneys' fees incurred as a result of its attempts to redress such breach or to enforce its rights and protect its legitimate interests. In the event of a breach by Parent or Seller of any covenant set forth in Sections 6.3(a) or 6.3(b) of this Agreement, the term of such covenants will be extended by the period of such breach.

6.4 Expenses; Transfer Taxes. Whether or not the transactions contemplated by this Agreement shall be consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby (including, without limitation, fees and disbursements of counsel, financial advisors and accountants) shall be borne by the party which incurs such cost or expense; provided, that if this Agreement is terminated pursuant to Section 5.1 (c) or 5.1 (d), such party shall pay the costs and expenses incurred by the other party in connection with this Agreement. Seller shall pay all fees, commissions and expenses owed to Credit Suisse First Boston, LLC. Any sales, use, real estate transfer, stock transfer or similar transfer Taxes payable in connection with the transactions contemplated by this Agreement shall be borne by Seller. Seller and Buyer shall cooperate in the preparation and filing of any tax return relating to such Taxes and shall cooperate in the defense of any audit thereof or any proceeding with respect to, which audit and proceeding shall be controlled by Seller. Buyer shall be responsible for the payment of any filing fee under the HSR Act and any similar foreign antitrust filing fee (if required).

6.5 Severability. If any provision of this Agreement is inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses, sections or subsections of this Agreement shall not affect the remaining portions of this Agreement.

6.6 Notices. All notices, requests, demands waivers, and other communications made in connection with this Agreement shall be in writing and shall be (a) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, (b) transmitted by hand delivery or reputable overnight delivery service or (c) sent by telecopy or telegram, addressed as follows:

if to Buyer, to:

National Financial Services LLC  
82 Devonshire Street  
Boston, Massachusetts 02109  
Attention: Jay Freedman, Esquire  
Facsimile: 617-385-1883

with a copy to:

Morgan, Lewis & Bockius LLP  
101 Park Avenue  
New York, New York 10178-0060  
Attention: Robert G. Robison, Esquire  
Facsimile: 212-309-6001

if to Parent or Seller, to:

Fiserv, Inc.  
255 Fiserv Drive  
Brookfield, Wisconsin 53045  
Attention: Kenneth R. Jensen  
Facsimile: 262-879-5245

with a copy to:

Fiserv, Inc.  
255 Fiserv Drive  
Brookfield, Wisconsin 53045  
Attention: Charles W. Sprague, Esquire  
Facsimile: 262-879-5532

---

Ballard Spahr Andrews & Ingersoll, LLP  
1735 Market Street, 51st Floor  
Philadelphia, Pennsylvania 19103  
Attention: Brian D. Doerner, Esquire  
Facsimile: 215-864-8999

or, in each case, at such other address as may be specified in writing to the other parties hereto.

All such notices, requests, demands, waivers and other communications shall be deemed to have been received (w) if by personal delivery on the day of such delivery, (x) if by first-class, registered or certified mail, on the fifth Business Day after the mailing thereof, (y) if by reputable overnight delivery service, on the day delivered, (z) if by telecopy or telegram, on the day on which such telecopy or telegram was sent; provided, that a copy is also sent that day by a reputable overnight delivery service.

#### 6.7 Contingent Payment.

6.7.1 Contingent Payment. As part of the Purchase Price, Buyer agrees to pay Seller an amount up to \$15,000,000 in one contingent payment (the Contingent Payment) in cash, for Qualifying Revenue earned in Year One. The Contingent Payment shall be an amount equal to (x) \$15,000,000 ~~multiplied~~ by (y) the Applicable Percentage. The "Applicable Percentage" shall be a percentage determined by dividing the (x) Qualifying Revenue over (y) Annualized 2004 Customer Account Revenue; provided, however that Annualized 2004 Customer Account Revenue shall be reduced by the annualized Net Revenue set forth on the Customer Account Schedule besides the name of any BHC Correspondent Customer terminated by Buyer other than as a result of, or in connection with, (a) a breach of, or default under, any agreement or contract with such BHC Correspondent Customer, (b) such BHC Correspondent Customer being deemed a credit risk to Buyer (determined in accordance with Buyer's credit risk policies and criteria consistent with past practice) or (c) a violation of Applicable Law. Notwithstanding the foregoing, in no event shall the Contingent Payment exceed \$15,000,000.

6.7.2 Disputes. Within sixty (60) Business Days after the end of Year One, Buyer shall deliver to Seller a statement of the Qualifying Revenue (the Preliminary Statement). Buyer shall grant Seller and its agents reasonable access to the Books and Records supporting the Preliminary Statement as necessary for Seller's review thereof on Business Days and during regular business hours. The Preliminary Statement as delivered to Seller shall be final and binding on the parties for purposes of determining the Contingent Payment in accordance herewith unless, within fifteen (15) Business Days after delivery thereof to Seller, Seller shall deliver to Buyer a written notice specifying the items on the Preliminary Statement which Seller disagrees with and the reasons therefor (the "Dispute Notice"). Thereafter, Buyer and Seller shall promptly negotiate in good faith with respect to the subject of the Dispute Notice, and if they are unable to reach an agreement within ten (10) Business Days after receipt by Buyer of the Dispute Notice, the dispute shall be settled by submitting the dispute to arbitration. Thereafter, within five (5) Business Days, such arbitration shall be initiated by the parties, by submitting the matter to the Accounting Firm to act as arbitrator. The arbitrator's decision shall be final and binding on the parties. The arbitrator shall be directed to issue its decision in writing within fifteen (15) Business Days of submission of the dispute to arbitration.

The arbitration fees and expenses of the arbitrator shall be borne by Buyer, on one hand, and Seller, on the other hand, in inverse proportion as they may prevail on matters resolved by the arbitrator, which proportionate allocation shall also be determined by the arbitrator at the time the determination of the arbitration is rendered on the merits of the matters submitted. The Preliminary Statement as accepted by Seller without submission of a Dispute Notice, or as adjusted pursuant to agreement between Buyer and Seller, or as adjusted pursuant to the arbitration decision, in any case pursuant to this paragraph, shall be final and binding on the parties (the "Final Statement"). Buyer shall pay the Contingent Payment to Seller within three (3) Business Days of the date the Preliminary Statement is deemed a Final Statement.

6.7.3 Buyer Discretion. Notwithstanding any other provision of this Agreement, Buyer retains the right, in its sole discretion, to refuse to enter into any agreement, understanding or arrangement that might or would lead to Qualifying Revenue if it determines in its good faith business judgment that it is not in Buyer's interest to do so.

#### 6.8 Miscellaneous.

6.8.1 Headings, Interpretation. The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement. As used herein, the singular includes the plural, the plural includes the singular, and words in one gender include the others. As used herein, the terms "herein", "hereunder" and "hereof" refer to the whole of this Agreement, and "include", "including" and similar terms are not words of limitation. Time is of the essence of this Agreement.

6.8.2 Entire Agreement. This Agreement, including the Schedules and Exhibits, and the Confidentiality Agreement constitute the entire agreement, and supersede all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

6.8.3 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

#### 6.8.4 Jurisdictional Matters.

(a) Governing Law. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING AS TO VALIDITY, INTERPRETATION AND EFFECT, BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

(b) Jurisdiction. BUYER, PARENT AND SELLER HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF NEW YORK, IN EACH CASE IN THE BOROUGH OF MANHATTAN, SOLELY IN RESPECT OF THE INTERPRETATION AND ENFORCEMENT OF THE PROVISIONS OF THIS AGREEMENT AND OF THE DOCUMENTS REFERRED TO IN THIS AGREEMENT, AND HEREBY WAIVE, AND AGREE NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING

FOR THE INTERPRETATION OR ENFORCEMENT HEREOF OR OF ANY SUCH DOCUMENT, (A) THAT IT IS NOT SUBJECT THERETO OR THAT SUCH ACTION, SUIT OR PROCEEDING MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN SAID COURTS, (B) THAT THE VENUE THEREOF MAY NOT BE APPROPRIATE OR (C) THAT THE INTERNAL LAWS OF THE STATE OF DELAWARE DO NOT GOVERN THE VALIDITY, INTERPRETATION OR EFFECT OF THIS AGREEMENT, AND THE PARTIES HERETO IRREVOCABLY AGREE THAT ALL DISPUTES WITH RESPECT TO SUCH ACTION OR PROCEEDING SHALL BE HEARD AND DETERMINED IN SUCH A STATE OR FEDERAL COURT. BUYER, PARENT AND SELLER HEREBY CONSENT TO AND GRANT ANY SUCH COURT JURISDICTION OVER THE PERSON OF SUCH PARTIES AND OVER THE SUBJECT MATTER OF ANY SUCH DISPUTE AND AGREE THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH ANY SUCH ACTION OR PROCEEDING IN THE MANNER PROVIDED IN SECTION 6.6, OR IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW, SHALL BE VALID AND SUFFICIENT SERVICE THEREOF.

6.8.5 Litigation Expenses. In the event litigation among Buyer, Parent and Seller arises out of this Agreement, the losing party will pay all reasonable costs and expenses incurred by the prevailing party in connection with the litigation, including, without limitation, reasonable attorneys' fees and costs.

6.8.6 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

6.8.7 Assignment. This Agreement shall not be assignable by any party hereto without the prior written consent of the other parties hereto; provided, however, that Buyer may, with the consent of Seller (which consent may not be unreasonably withheld or delayed), assign its rights and obligations under this Agreement to an Affiliate of Buyer.

6.8.8 Third Party Beneficiaries. Nothing in this Agreement shall confer any rights upon any person or entity other than the parties hereto and their respective heirs, successors and permitted assigns other than any Person entitled to indemnification under Section 6.2.

6.8.9 Amendment; Waivers. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the party granting such waiver in any other respect or at any other time. Neither the waiver by any of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure by any of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any of such provisions, rights or privileges hereunder.



---

6.8.10 Schedules and Exhibits. All Exhibits and Schedules to this Agreement are hereby incorporated by reference and made a part of this Agreement. Any fact or item which is disclosed on any Schedule that is referred to in a representation or warranty in this Agreement, shall not be deemed to be an exception to any other representation or warranty in this Agreement, or to be disclosed on any other Schedule, unless (other than with respect to Schedule 2.1.13(e) which shall be specifically cross-referenced) the relevancy of such fact or item is apparent on its face. Any fact or item disclosed on any Schedule or Exhibit to this Agreement shall not by reason only of such inclusion be deemed to be material and shall not be employed as a point of reference in determining any standard of materiality under this Agreement.

[Remainder of page intentionally left blank.]

---

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

FISERV, INC

By: /s/ Kenneth R. Jensen

Name: Kenneth R. Jensen

Title: Senior Executive Vice President, Chief  
Financial Officer, Treasurer and  
Assistant Secretary

FISERV CLEARING, INC.

By: /s/ Robert H. Beriault

Name: Robert H. Beriault

Title: President and Chief  
Executive Officer

[Signature Page to Stock Purchase Agreement]

---

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

NATIONAL FINANCIAL SERVICES LLC

By: /s/ Norman R. Malo

Name: Norman R. Malo

Title: Chief Executive Officer and President

[Signature Page to Stock Purchase Agreement]

2004 ANNUAL REPORT  
FISERV, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF INCOME***(In thousands, except per share data)**Years ended December 31,*

	2004	2003	2002
<b>REVENUES:</b>			
Processing and services	\$ 3,350,595	\$ 2,592,115	\$ 2,099,038
Customer reimbursements	379,151	333,252	290,354
<b>TOTAL REVENUES</b>	<b>3,729,746</b>	<b>2,925,367</b>	<b>2,389,392</b>
<b>COST OF REVENUES:</b>			
Salaries, commissions and payroll related costs	1,320,760	1,222,675	1,053,923
Customer reimbursement expenses	379,151	333,252	290,354
Data processing costs and equipment rentals	212,052	205,617	153,202
Prescription costs	439,576	55,902	—
Other operating expenses	533,284	420,261	323,223
Depreciation and amortization	185,363	165,838	134,389
<b>TOTAL COST OF REVENUES</b>	<b>3,070,186</b>	<b>2,403,545</b>	<b>1,955,091</b>
<b>OPERATING INCOME</b>	<b>659,560</b>	<b>521,822</b>	<b>434,301</b>
Interest expense	(24,902)	(22,895)	(17,758)
Interest income	6,708	7,340	8,589
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<b>641,366</b>	<b>506,267</b>	<b>425,132</b>
Income tax provision	246,468	197,444	165,801
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>394,898</b>	<b>308,823</b>	<b>259,331</b>
<b>INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES</b>	<b>(17,256)</b>	<b>6,189</b>	<b>6,806</b>
<b>NET INCOME</b>	<b>\$ 377,642</b>	<b>\$ 315,012</b>	<b>\$ 266,137</b>
<b>BASIC NET INCOME (LOSS) PER SHARE:</b>			
Continuing operations	\$ 2.03	\$ 1.60	\$ 1.36
Discontinued operations	(0.09)	0.03	0.04
Total	\$ 1.94	\$ 1.63	\$ 1.39
<b>DILUTED NET INCOME (LOSS) PER SHARE:</b>			
Continuing operations	\$ 2.00	\$ 1.58	\$ 1.33
Discontinued operations	(0.09)	0.03	0.03
Total	\$ 1.91	\$ 1.61	\$ 1.37
<b>SHARES USED IN COMPUTING NET INCOME (LOSS) PER SHARE:</b>			
Basic	194,981	193,240	191,386
Diluted	197,287	195,937	194,951

*See notes to consolidated financial statements.*

**CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands)  
December 31,

	2004	2003
<b>ASSETS</b>		
Cash and cash equivalents	\$ 516,127	\$ 162,668
Accounts receivable, less allowance for doubtful accounts	437,764	417,521
Prepaid expenses and other assets	100,810	98,415
Investments	1,984,536	1,838,925
Property and equipment	213,799	200,579
Intangible assets	519,449	548,912
Goodwill	1,859,347	1,721,322
Assets of discontinued operations held for sale	2,751,517	2,225,833
<b>TOTAL</b>	<b>\$ 8,383,349</b>	<b>\$ 7,214,175</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Accounts payable	\$ 202,616	\$ 179,191
Short-term borrowings	100,000	100,000
Accrued expenses	363,513	256,110
Accrued income taxes	44,955	23,453
Deferred revenues	226,080	208,996
Customer funds held and retirement account deposits	1,829,639	1,582,698
Deferred income taxes	134,330	95,276
Long-term debt	505,327	699,116
Liabilities of discontinued operations held for sale	2,412,467	1,869,527
<b>TOTAL LIABILITIES</b>	<b>5,818,927</b>	<b>5,014,367</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, no par value: 25,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value: 450,000,000 shares authorized; 195,940,360 and 194,259,709 shares issued	1,959	1,943
Additional paid-in capital	679,573	637,623
Accumulated other comprehensive income	26,695	17,345
Accumulated earnings	1,920,539	1,542,897
Treasury stock, at cost, 1,691,500 shares at December 31, 2004	(64,344)	—
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,564,422</b>	<b>2,199,808</b>
<b>TOTAL</b>	<b>\$ 8,383,349</b>	<b>\$ 7,214,175</b>

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

<i>(In thousands)</i>	Common Stock		Additional Paid-In Capital	Comprehensive Income	Accumulated Other Comprehensive Income	Accumulated Earnings	Treasury Stock
	Shares	Amount					
Balance at December 31, 2001	190,281	\$ 1,903	\$ 564,959		\$ 76,216	\$ 961,748	—
Net income				\$ 266,137		266,137	
Foreign currency translation				1,166	1,166		
Change in unrealized gains on available-for-sale investments - net of tax				(45,184)	(45,184)		
Reclassification adjustment for realized investment gains included in net income				(1,573)	(1,573)		
Fair market value adjustment on cash flow hedges - net of tax				(6,743)	(6,743)		
<b>Comprehensive income</b>				<b>\$ 213,803</b>			
Shares issued under stock plans including income tax benefits	2,169	21	34,741				\$ 7,856
Purchase of treasury stock							(33,578)
Balance at December 31, 2002	192,450	1,924	599,700		23,882	1,227,885	(25,722)
Net income				\$ 315,012		315,012	
Foreign currency translation				1,078	1,078		
Change in unrealized gains on available-for-sale investments - net of tax				(927)	(927)		
Reclassification adjustment for realized investment gains included in net income				(10,264)	(10,264)		
Fair market value adjustment on cash flow hedges - net of tax				3,576	3,576		
<b>Comprehensive income</b>				<b>\$ 308,475</b>			
Shares issued under stock plans including income tax benefits	1,265	13	20,411				11,761
Shares issued for acquired companies	545	6	17,512				13,961
Balance at December 31, 2003	194,260	1,943	637,623		17,345	1,542,897	—
Net income				\$ 377,642		377,642	
Foreign currency translation				634	634		
Change in unrealized gains on available-for-sale investments - net of tax				3,253	3,253		
Fair market value adjustment on cash flow hedges - net of tax				5,463	5,463		
<b>Comprehensive income</b>				<b>\$ 386,992</b>			
Shares issued under stock plans including income tax benefits	1,680	16	41,950				—
Purchase of treasury stock							(64,344)
Balance at December 31, 2004	195,940	\$ 1,959	\$ 679,573		\$ 26,695	\$ 1,920,539	\$ (64,344)

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS***(In thousands)**Years ended December 31,*

	2004	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 377,642	\$ 315,012	\$ 266,137
Adjustment for discontinued operations	17,256	(6,189)	(6,806)
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:			
Deferred income taxes	23,022	27,488	26,296
Depreciation and amortization	185,363	165,838	134,389
Changes in assets and liabilities, net of effects from acquisitions of businesses:			
Accounts receivable	(19,177)	17,268	6,022
Prepaid expenses and other assets	(4,518)	4,803	(7,144)
Accounts payable and accrued expenses	54,445	33,371	12,401
Deferred revenues	17,826	9,420	10,072
Accrued income taxes	46,524	28,674	39,756
Net cash provided by operating activities from continuing operations	<u>698,383</u>	<u>595,685</u>	<u>481,123</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures, including capitalization of software costs for external customers	(161,093)	(139,111)	(137,126)
Payment for acquisitions of businesses, net of cash acquired	(64,896)	(735,917)	(362,578)
Investments	(139,258)	139,432	(307,406)
Net cash used in investing activities from continuing operations	<u>(365,247)</u>	<u>(735,596)</u>	<u>(807,110)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from short-term borrowings	—	—	43,514
Proceeds from long-term debt	17,303	248,268	156,481
Repayments of long-term debt	(210,243)	(32,474)	(16,908)
Issuance of common stock and treasury stock	30,666	18,585	11,420
Purchases of treasury stock	(64,344)	—	(33,578)
Customer funds held and retirement account deposits	246,941	(124,760)	260,884
Net cash provided by financing activities from continuing operations	<u>20,323</u>	<u>109,619</u>	<u>421,813</u>
Change in cash and cash equivalents	353,459	(30,292)	95,826
Beginning balance	162,668	192,960	97,134
Ending balance	<u>\$ 516,127</u>	<u>\$ 162,668</u>	<u>\$ 192,960</u>
Net cash (used in) provided by discontinued operations	<u>\$ (4,251)</u>	<u>\$ 5,821</u>	<u>\$ (4,675)</u>

*See notes to consolidated financial statements.*



---

## Notes to Consolidated Financial Statements

For the years ended December 31, 2004, 2003 and 2002

### 1. Summary of Significant Accounting Policies

#### DESCRIPTION OF THE BUSINESS

Fiserv, Inc. and subsidiaries (the "Company") is an independent provider of data processing systems and related information management services and products to financial institutions, other financial intermediaries and employers who self-insure their health plans. The Company's operations are primarily in the United States and consist of three business segments based on the services provided by each: Financial institution outsourcing, systems and services; Health plan management services; and Investment support services. The Financial institution outsourcing, systems and services segment provides account and transaction processing products and services to financial institutions and other financial intermediaries. The Health plan management services segment provides services primarily to employers who self-insure their health plans, including services such as handling payments to healthcare providers, assisting with cost controls, plan design services and prescription benefit management. The Investment support services segment provides retirement plan administration services to individual retirement plan and pension administrators, financial planners and financial institutions.

#### DISCONTINUED OPERATIONS

On December 16, 2004, the Company announced it had reached a definitive agreement to sell its securities clearing businesses to the National Financial unit of Fidelity Investments for a price of approximately \$365 million. The transaction is subject to standard and customary closing conditions and is expected to close in the first quarter of 2005. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the financial results of the Company's securities clearing businesses are reported as discontinued operations for all periods presented.

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Fiserv, Inc. and all majority owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

#### RECLASSIFICATIONS

Certain amounts reported in prior periods have been reclassified to conform to the 2004 presentation. The reclassifications did not impact the Company's net income or net income per share.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### FAIR VALUES

The fair values of cash equivalents, accounts receivable, accounts payable, short-term borrowings, accrued expenses and customer funds held and retirement account deposits approximate the carrying values due to the short period of time to maturity. The fair value of investments is determined based on quoted market prices. The fair value of long-term debt is estimated using discounted cash flows based on the Company's current incremental borrowing rates or dealer quotes and the fair value of derivative instruments is determined based on dealer quotes.

#### NEW ACCOUNTING PRONOUNCEMENT

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"), that requires companies to expense the value of employee stock options, discounts on employee stock purchase plans and similar awards. Under SFAS 123R, share-based payment awards result in a cost that will be measured at fair value on the awards' grant date, based on the estimated number of awards that are expected to vest. SFAS 123R is effective for periods beginning after June 15, 2005, and applies to all outstanding and unvested share-based payment awards at the adoption date. The Company has not completed its evaluation of the impact of adopting SFAS 123R.

#### DERIVATIVE INSTRUMENTS

The Company accounts for its derivative instruments in accordance with SFAS Nos. 133, 137 and 149 related to "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133, as amended"). Derivative instruments are recorded on the balance sheet as either an asset or liability measured at their fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative are recognized in earnings. To the extent the hedge is effective, there is an offsetting adjustment to the basis of the item being hedged. If the derivative is designated as a cash flow hedge, the effective portions of the changes in the fair value of the derivative are recorded as a component of accumulated other comprehensive income and recognized in the consolidated statements of income when the hedged item affects earnings. Ineffective portions of changes in the fair value of hedges are recognized in earnings.

The Company's existing fair value and cash flow hedges are effective. As a result, there is no current impact on earnings due to hedge ineffectiveness. It is the policy of the Company to execute such instruments with credit-worthy banks and not to enter into derivative financial instruments for speculative purposes.

#### REVENUE RECOGNITION

Revenues from the sale of data processing services, consulting and administration fees on investment accounts are recognized as the related services are provided or when the product is shipped. Revenues from investment support services include net investment income of \$74.1 million, \$67.4 million and \$76.0 million in 2004, 2003 and 2002, respectively. Revenues from software license fees (representing approximately 4%, 5% and 7% of 2004, 2003 and 2002 processing and services revenues, respectively) are recognized when written contracts are signed, delivery of the product has occurred, the fee is fixed or determinable and collection is probable. Maintenance fee revenues are recognized ratably over the term of the related support period; generally 12 months. Deferred revenues consist primarily of advance billings for services and are recognized as revenues when the services are provided.

Revenues from our pharmacy network contracts where we are the principal are recognized on a gross basis, at the prescription price (ingredient cost plus dispensing fee) negotiated with our clients, excluding the portion of the price to be settled directly by the member (co-payment), plus our administrative fees. Our responsibilities under our client contract to adjudicate member claims properly, our separate contractual pricing relationships and responsibilities to the pharmacies in our networks, and our interaction with members, among other factors, qualify us as the principal under the indicators set forth in Emerging Issues Task Force No. 99-19 "Reporting Gross Revenues as a Principal vs. Net as an Agent" in the majority of our transactions with customers.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and investments with original maturities of 90 days or less.

#### ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company specifically analyzes accounts receivable and historical bad debts, customer credit-worthiness, current economic trends, and changes in our customer payment terms and collection trends when evaluating the adequacy of its allowance for doubtful accounts. Any change in the assumptions used in analyzing a specific account receivable may result in an additional allowance for doubtful accounts being recognized in the period in which the change occurs. The balance in the allowance for doubtful accounts was \$29.5 million and \$25.9 million at December 31, 2004 and 2003, respectively.

#### INVESTMENTS

The following summarizes the Company's investments at December 31:

	Amortized/ Historical Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Carrying Value
<b>2004</b>					
<i>(In thousands)</i>					
Mortgage-backed obligations	\$ 1,496,969	\$ 8,249	\$ (33,647)	\$ 1,471,571	\$ 1,496,969
Corporate debt obligations	27,658	3,218	—	30,876	27,658
Other fixed income obligations	990	4	—	994	990
Total held-to-maturity investments	1,525,617	11,471	(33,647)	1,503,441	1,525,617
Available-for-sale investments	30,436	50,124	—	80,560	80,560
Money market mutual funds	131,872	—	—	131,872	131,872
Repurchase agreements	225,000	—	—	225,000	225,000
Other investments	21,487	—	—	21,487	21,487
<b>TOTAL</b>	<b>\$ 1,934,412</b>	<b>\$ 61,595</b>	<b>\$ (33,647)</b>	<b>\$ 1,962,360</b>	<b>\$ 1,984,536</b>
<b>2003</b>					
<i>(In thousands)</i>					
Mortgage-backed obligations	\$ 1,604,737	\$ 11,052	\$ (28,732)	\$ 1,587,057	\$ 1,604,737
Corporate debt obligations	30,422	4,401	—	34,823	30,422
Private mortgage-backed securities	9,383	242	—	9,625	9,383
Other fixed income obligations	3,711	108	—	3,819	3,711
Total held-to-maturity investments	1,648,253	15,803	(28,732)	1,635,324	1,648,253
Available-for-sale investments	8,069	45,139	—	53,208	53,208
Money market mutual funds	61,968	—	—	61,968	61,968
Repurchase agreements	55,030	—	—	55,030	55,030
Other investments	20,466	—	—	20,466	20,466
<b>TOTAL</b>	<b>\$ 1,793,786</b>	<b>\$ 60,942</b>	<b>\$ (28,732)</b>	<b>\$ 1,825,996</b>	<b>\$ 1,838,925</b>

The Company's Investment support services subsidiaries accept money market deposits from customers and invest the funds in securities. Such amounts due to customers represent the primary source of funds for the Company's investment securities and amounted to \$1.8 billion and \$1.5 billion as of December 31, 2004 and 2003, respectively. The Company's mortgage-backed obligations consist primarily of GNMA, FNMA and FHLMC mortgage-backed pass-through securities and collateralized mortgage obligations rated AAA by Standard and Poor's. Mortgage-backed obligations may contain prepayment risk and the Company has never experienced a default on these types of securities. Substantially all of the Investment support services subsidiary's investments are rated AAA or equivalent except for certain corporate debt obligations which are classified as investment grade. Investments in mortgage-backed obligations and certain fixed income obligations had an average duration of approximately three years and five months at December 31, 2004. These investments are accounted for as held-to-maturity and are carried at amortized cost as the Company has the ability and intent to hold these investments to maturity.

Available-for-sale investments are carried at market, based upon quoted market prices. Unrealized gains or losses on available-for-sale investments are accumulated in shareholders' equity as accumulated other comprehensive income, net of related deferred income taxes. Realized gains or losses are computed based on specific identification of the investments sold, based on the trade date.

## PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation and amortization are computed primarily using the straight-line method over the estimated useful lives of the assets. Property and equipment consist of the following at December 31:

<i>(In thousands)</i>	Estimated Useful Lives	2004	2003
Data processing equipment	3 to 5 years	\$ 368,502	\$ 318,594
Buildings and leasehold improvements	5 to 40 years	125,179	120,109
Furniture and equipment	3 to 10 years	122,056	119,011
		<b>615,737</b>	<b>557,714</b>
Less accumulated depreciation and amortization		<b>401,938</b>	<b>357,135</b>
<b>TOTAL</b>		<b>\$ 213,799</b>	<b>\$ 200,579</b>

## INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

<i>(In thousands)</i>	Gross Carrying Amount	Accumulated Amortization	Net Book Value
<b>2004</b>			
Software development costs for external customers	\$ 507,122	\$ 352,429	\$ 154,693
Purchased software	212,280	136,273	76,007
Customer base	312,091	86,996	225,095
Trade names	57,744	—	57,744
Other	10,041	4,131	5,910
<b>TOTAL</b>	<b>\$ 1,099,278</b>	<b>\$ 579,829</b>	<b>\$ 519,449</b>

<i>(In thousands)</i>	Gross Carrying Amount	Accumulated Amortization	Net Book Value
<b>2003</b>			
Software development costs for external customers	\$ 446,550	\$ 294,727	\$ 151,823
Purchased software	188,484	112,103	76,381
Customer base	333,309	71,951	261,358
Trade names	56,911	—	56,911
Other	4,846	2,407	2,439
<b>TOTAL</b>	<b>\$ 1,030,100</b>	<b>\$ 481,188</b>	<b>\$ 548,912</b>

Software development costs for external customers include internally generated computer software for external customers and software acquired in conjunction with acquisitions of businesses. The Company capitalizes certain costs incurred to develop new software or enhance existing software which is marketed externally or utilized by the Company to process customer transactions in accordance with SFAS No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed." Costs are capitalized commencing when the technological feasibility of the software has been established. Routine maintenance of software products, design costs and development costs incurred prior to establishment of a product's technological feasibility are expensed as incurred. Amortization of all software is computed on a straight-line basis over the expected useful life of the product, generally three to five years.

Gross software development costs for external customers capitalized for new products and enhancements to existing products totaled \$47.8 million, \$51.9 million and \$44.9 million in 2004, 2003 and 2002, respectively. Amortization of previously capitalized development costs, included in depreciation and amortization, was \$60.2 million, \$47.8 million and \$38.3 million in 2004, 2003 and 2002, respectively, resulting in net capitalized (amortized) development costs of \$(12.4) million, \$4.1 million and \$6.6 million in 2004, 2003 and 2002, respectively.

Customer base intangible assets represent customer contracts and relationships obtained as part of acquired businesses and are amortized using the straight-line method over their estimated useful lives, ranging from five to 20 years. Trade names have been determined to have indefinite lives and therefore are not amortized in accordance with the provisions of SFAS No. 142 "Goodwill and Other Intangible Assets." Other intangible assets consist primarily of non-compete agreements, which are generally amortized over their estimated useful lives.

Amortization expense for intangible assets was \$110.5 million, \$90.0 million and \$74.4 million for the years ended December 31, 2004, 2003 and 2002, respectively. Aggregate amortization expense with respect to existing intangible assets with finite lives resulting from acquisitions of businesses, excluding software amortization, should approximate \$20 million annually.

## GOODWILL

The excess of the purchase price over the estimated fair value of tangible and identifiable intangible assets acquired is recorded as goodwill. The changes in the carrying amount of goodwill by business segment during the years ended December 31, 2004 and 2003 are as follows:

	Financial Institution Outsourcing, Systems and Services	Health Plan Management Services	Investment Support Services	Total
<i>(In thousands)</i>				
Balance, December 31, 2002	\$ 1,013,267	\$ 171,090	\$ 1,593	<b>\$ 1,185,950</b>
Goodwill additions	319,256	216,116	—	<b>535,372</b>
Balance, December 31, 2003	1,332,523	387,206	1,593	<b>1,721,322</b>
Goodwill additions	68,728	69,297	—	<b>138,025</b>
Balance, December 31, 2004	<b>\$ 1,401,251</b>	<b>\$ 456,503</b>	<b>\$ 1,593</b>	<b>\$ 1,859,347</b>

## IMPAIRMENT OF LONG-LIVED ASSETS

The Company assesses the likelihood of recovering the cost of long-lived assets based on current and projected operating results and cash flows of the related business operations using undiscounted cash flow analyses. These factors, along with management's plans with respect to the operations, are considered in assessing the recoverability of property and equipment and intangible assets subject to amortization. Measurement of any impairment loss is based on discounted operating cash flows.

## SHORT-TERM BORROWINGS

The Company's Investment support services subsidiaries had short-term borrowings of \$100.0 million as of December 31, 2004 and 2003, with an average interest rate of 2.6% and 1.6% as of December 31, 2004 and 2003, respectively, and were collateralized by investments valued at \$102.0 million at December 31, 2004 and 2003.

## INCOME TAXES

The Company accounts for income taxes under SFAS No. 109, "Accounting for Income Taxes." Under these rules, certain assumptions are made which represent significant estimates. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis, net operating loss and tax credit carryforwards, and tax contingencies. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against deferred tax assets for which utilization of the asset is not likely.

## NET INCOME PER SHARE

Basic net income per share is computed using the weighted-average number of common shares outstanding during the periods. Diluted net income per share is computed using the weighted-average number of common and dilutive common equivalent shares outstanding during the periods. Common equivalent shares consist primarily of stock options and are computed using the treasury stock method. During the years ended December 31, 2004, 2003 and 2002, the Company excluded 4.1 million, 3.4 million and 1.3 million weighted-average shares under stock options, respectively, from the calculation of common equivalent shares as the impact was anti-dilutive.

The computation of the number of shares used in calculating basic and diluted net income per common share is as follows:

	2004	2003	2002
<i>(In thousands)</i>			
Weighted-average common shares outstanding used for calculation of net income per share- basic	<b>194,981</b>	193,240	191,386
Common stock equivalents	<b>2,306</b>	2,697	3,565
Total shares used for calculation of net income per share - diluted	<b>197,287</b>	195,937	194,951

## STOCK BASED COMPENSATION

The Company has accounted for its stock-based compensation plans in accordance with the intrinsic value provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, the Company did not record compensation expense in the consolidated financial statements for its stock-based compensation plans. The fair value of each option issued prior to January 1, 2004 was estimated on the date of grant using a Black-Scholes option-pricing model. For options issued on or after January 1, 2004, the fair value of each option was estimated on the date of grant using a binomial option-pricing model and are amortized utilizing tranche-specific vesting. Stock options are typically granted in the first quarter of the year, generally vest 20% on the date of grant and 20% each year thereafter and expire 10 years from the date of the award. The following table illustrates the effect on net income and net income per share had compensation expense been recognized consistent with the fair value provisions of SFAS No. 123, "Accounting for Stock-Based Compensation".

	2004	2003	2002
<i>(In thousands, except per share data)</i>			
<b>Net income:</b>			
As reported	\$ 377,642	\$ 315,012	\$ 266,137
Less: stock compensation expense - net of tax	(18,000)	(17,000)	(18,200)
<b>Pro forma</b>	<b>\$ 359,642</b>	<b>\$ 298,012</b>	<b>\$ 247,937</b>
<b>Reported net income per share:</b>			
Basic	\$ 1.94	\$ 1.63	\$ 1.39
Diluted	1.91	1.61	1.37
<b>Pro forma net income per share:</b>			
Basic	\$ 1.85	\$ 1.54	\$ 1.30
Diluted	1.82	1.52	1.27

The fair value of each stock option granted in 2004 was estimated on the date of grant using a binomial option-pricing model; the 2003 and 2002 stock options were estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	2004	2003	2002
Expected life (in years)	5.5	5.0	5.0
Risk-free interest rate	3.1%	3.0%	4.4%
Volatility	33.6%	52.3%	50.0%
Dividend yield	0.0%	0.0%	0.0%

The weighted-average estimated fair value of stock options granted during the years ended December 31, 2004, 2003 and 2002 was \$13.56, \$15.14 and \$20.24 per share, respectively.

## SHAREHOLDER RIGHTS PLAN

The Company has a shareholder rights plan. Under this plan, each shareholder holds one preferred stock purchase right for each outstanding share of the Company's common stock held. The stock purchase rights are not exercisable until certain events occur.

## ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income consists of the following at December 31:

	2004	2003
<i>(In thousands)</i>		
Unrealized gains on investments, net of tax	\$ 32,085	\$ 28,832
Unrealized losses on cash flow hedges, net of tax	(5,673)	(11,136)
Foreign currency translation adjustments	283	(351)
<b>TOTAL</b>	<b>\$ 26,695</b>	<b>\$ 17,345</b>

## SUPPLEMENTAL CASH FLOW INFORMATION

	2004	2003	2002
<i>(In thousands)</i>			
Interest paid	\$ 25,495	\$ 22,164	\$ 17,724
Income taxes paid	177,017	144,130	97,808
Liabilities assumed in acquisitions of businesses	10,507	85,072	29,033

## 2. Acquisitions

During 2004, 2003 and 2002 the Company completed the following acquisitions of businesses. The results of operations of these acquired businesses have been included in the accompanying consolidated statements of income from the dates of acquisition.

<u>Company</u>	<u>Month Acquired</u>	<u>Service</u>	<u>Consideration</u>
<b>2004:</b>			
<b>RegEd, Inc.</b>	<b>Jan.</b>	<b>Insurance/securities training</b>	<b>Cash for stock</b>
<b>Pharmacy Fulfillment, Inc.</b>	<b>Aug.</b>	<b>Health plan management</b>	<b>Cash for stock</b>
<b>Results International Systems, Inc.</b>	<b>Aug.</b>	<b>Insurance data processing</b>	<b>Cash for stock</b>
<b>CheckAGAIN, LLC</b>	<b>Oct.</b>	<b>Item processing</b>	<b>Cash for assets</b>
<b>2003:</b>			
AVIDYN, Inc.	Jan.	Health plan management	Stock for stock
Precision Computer Systems, Inc.	Mar.	Software and services	Cash for stock
ReliaQuote, Inc.	Apr.	Insurance services	Cash for stock
WBI Holdings Corporation	May	Health plan management	Cash for stock
Electronic Data Systems Corporation's Credit Union Industry Group business	July	Credit union data processing	Cash for assets
Chase Credit Systems Inc. & Chase Credit Research Inc.	July	Lending services	Cash for stock
Unisure, Inc.	Sept.	Insurance data processing	Cash for assets
Insurance Management Solutions Group, Inc.	Sept.	Insurance data processing	Cash for stock
GAC Holdings Corporation	Sept.	Lending services	Cash for stock
Federal Home Loan Bank of Indianapolis IP services	Oct.	Item processing	Cash for assets
MI-Assistant Software, Inc.	Nov.	Insurance software systems	Cash for assets
MedPay Corporation	Dec.	Health plan management	Cash for stock
<b>2002:</b>			
Case, Shiller, Weiss, Inc.	May	Lending services	Cash for stock
Investec Ernst & Company's clearing operations	Aug.	Securities clearing services*	Cash for assets
Willis Group's TPA operations	Nov.	Health plan management	Cash for assets
Electronic Data Systems Corporation's Consumer Network Services business	Dec.	EFT data processing	Cash for assets
Lenders Financial Services	Dec.	Lending services	Cash for stock

\* Results included in discontinued operations

During 2004, 2003 and 2002, the Company completed four, 12 and five acquisitions, respectively. Net cash paid for these acquisitions was \$35.7 million, \$702.8 million and \$322.9 million, respectively, subject to certain adjustments. Pro forma information for 2004 is not being provided as the 2004 acquisitions did not have a material effect on the Company's results of operations.

The Company may be required to pay additional cash consideration for acquisitions up to estimated maximum payments of \$129.9 million through 2007, if certain of the acquired entities achieve specific escalating operating income targets. The Company has recorded a liability of \$74.3 million at December 31, 2004 as an estimate of the additional cash consideration to be paid. During 2004, as a result of previously acquired entities achieving their operating income targets, the Company paid additional cash consideration of \$29.2 million. The additional consideration was treated as additional purchase price.

### 3. Dispositions

On December 16, 2004, the Company entered into an Agreement among Fiserv, Inc., Fiserv Clearing, Inc. and National Financial Services LLC ("National Financial") to sell its securities clearing businesses pursuant to which National Financial will acquire all of the outstanding shares of BHC Investments, Inc., a subsidiary of Fiserv ("BHC"), for approximately \$349 million in cash payable at closing, subject to certain post-closing adjustments, plus a contingent payment of up to \$15 million to be paid after the first anniversary of the closing date based on achievement of specific revenue targets. Consummation of the transaction is subject to customary conditions to closing, including receipt of regulatory approvals. The Agreement provides that the Company will be required to retain certain liabilities of BHC, including, among others, those relating to the previously announced Securities and Exchange Commission investigation of Fiserv Securities, Inc (see Note 7). The transaction is expected to be completed in the first quarter of 2005 and the Company does not anticipate a material gain or loss as a result of this transaction. Pursuant to SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the assets and liabilities, results of operations and cash flows of the securities clearing businesses have been accounted for as "Discontinued Operations" in the accompanying Consolidated Financial Statements and all prior periods have been restated.

Assets and liabilities of discontinued operations are presented separately under the captions "Assets of discontinued operations held for sale" and "Liabilities of discontinued operations held for sale," respectively, in the accompanying Consolidated Balance Sheets and consist of the following at December 31:

	2004	2003
<i>(In thousands)</i>		
<b>Assets of discontinued operations:</b>		
Cash and cash equivalents	\$ 35,849	\$ 40,100
Securities processing receivables	2,404,215	1,940,414
Prepaid expenses and other assets	27,632	21,753
Investments	128,279	65,236
Property and equipment	4,140	5,497
Intangible assets and goodwill	151,402	152,833
<b>TOTAL</b>	<b>\$ 2,751,517</b>	<b>\$ 2,225,833</b>
<b>Liabilities of discontinued operations:</b>		
Accounts payable and accruals	\$ 53,328	\$ 43,764
Securities processing payables	2,349,139	1,786,763
Short-term borrowings	10,000	39,000
<b>TOTAL</b>	<b>\$ 2,412,467</b>	<b>\$ 1,869,527</b>

Processing and services revenues from the securities clearing businesses included in "Income (loss) from discontinued operations" were \$114.8 million, \$107.5 million and \$106.7 million in 2004, 2003 and 2002, respectively. Income tax expense (benefit) for the securities clearing businesses was \$(0.1 million), \$4.0 million and \$4.4 million for the years ended December 31, 2004, 2003 and 2002, respectively. Future minimum operating lease commitments for the securities clearing businesses at December 31, 2004 were \$38.7 million.

#### 4. Long-term debt

The Company has available a \$700.0 million unsecured line of credit and commercial paper facility with a group of banks, of which \$195.0 million was in use at December 31, 2004, with a weighted-average variable interest rate of 2.8% and 1.8% at December 31, 2004 and 2003, respectively. The credit facilities, which expire in May 2009, consist of a \$465.3 million five-year revolving credit facility and a \$234.7 million 364-day revolving credit facility which is subject to renewal annually through 2009. There were no significant commitment fees or compensating balance requirements under these facilities. The Company must, among other requirements, maintain a minimum net worth of \$1.8 billion as of December 31, 2004 and limit its total debt to no more than three and one-half times the Company's earnings before interest, taxes, depreciation and amortization. The Company was in compliance with all debt covenants throughout 2004.

At December 31, 2004, the Company had cash flow interest rate swap agreements to fix the interest rates on certain floating-rate debt at a rate approximating 6.8% (based on current bank fees and spreads) for a notional amount of \$200.0 million until December 2005. During the second quarter of 2003, the Company entered into additional cash flow interest rate swap agreements to fix the interest rates on certain floating-rate debt at an average rate approximating 5.0% (based on current bank fees and spreads) for a notional amount of \$150.0 million from December 2005 to 2008. The estimated fair values of the cash flow hedges are \$9.1 million and \$18.0 million as of December 31, 2004 and 2003, respectively, and are included in the accompanying consolidated balance sheets in accrued expenses and as a component of accumulated other comprehensive income, net of deferred taxes.

In addition, the Company had fixed-to-floating interest rate swap agreements on the \$150.0 million 4% senior notes due April 2008, with a variable interest rate of approximately 3.0% at December 31, 2004. The estimated fair values of the fair value hedges are \$2.0 million and \$0.5 million as of December 31, 2004 and 2003, respectively, and are included in the accompanying consolidated balance sheets in accrued expenses and long-term debt.

The carrying value and estimated fair values of the Company's long-term debt are as follows at December 31:

	2004		2003	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<i>(In thousands)</i>				
Bank notes and commercial paper, at short-term rates	\$ 194,993	\$ 194,993	\$ 395,600	\$ 395,600
3.0% senior notes payable, due 2008	99,922	95,877	99,900	96,921
4.0% senior notes payable, due 2008	147,957	148,875	149,897	151,540
Other	62,455	62,837	53,719	55,235
<b>Total long-term debt</b>	<b>\$ 505,327</b>	<b>\$ 502,582</b>	<b>\$ 699,116</b>	<b>\$ 699,296</b>

Annual principal payments required under the terms of the long-term debt agreements are as follows at December 31, 2004:

<i>(In thousands)</i>	
Years ending December 31,	
2005	\$ 47,486
2006	3,917
2007	3,863
2008	251,619
2009	198,442
<b>TOTAL</b>	<b>\$ 505,327</b>

#### 5. Income taxes

A reconciliation of recorded income tax expense from continuing operations with income tax computed at the statutory federal tax rates is as follows for the three years ended December 31:

	2004	2003	2002
<i>(In thousands)</i>			
Statutory federal tax rate	35%	35%	35%
Tax computed at statutory rate	\$224,478	\$177,193	\$148,796
State income taxes, net of federal effect	22,983	19,047	15,794
Foreign tax credit carryover	(2,431)	—	—
Other - net	1,438	1,204	1,211
<b>TOTAL</b>	<b>\$246,468</b>	<b>\$197,444</b>	<b>\$165,801</b>



The provision for income taxes from continuing operations consisted of the following at December 31:

	2004	2003	2002
<i>(In thousands)</i>			
<b>Current:</b>			
Federal	\$ 181,981	\$ 138,010	\$ 116,252
State	34,148	27,506	21,490
Foreign	7,317	4,440	1,763
	<u>223,446</u>	<u>169,956</u>	<u>139,505</u>
<b>Deferred:</b>			
Federal	22,894	28,890	25,511
State	1,134	1,431	1,592
Foreign	(1,006)	(2,833)	(807)
	<u>23,022</u>	<u>27,488</u>	<u>26,296</u>
<b>TOTAL</b>	<u>\$ 246,468</u>	<u>\$ 197,444</u>	<u>\$ 165,801</u>

Significant components of the Company's deferred tax assets and liabilities consist of the following at December 31:

	2004	2003
<i>(In thousands)</i>		
Reserve for bad debts	\$ 10,137	\$ 8,528
Purchased incomplete software technology	22,461	26,672
Accrued expenses not currently deductible	26,667	22,474
Deferred revenues	4,728	14,203
Unrealized losses on cash flow hedges	3,418	7,003
Net operating loss carryforwards	2,932	1,950
Other	8,767	7,212
<b>Total deferred tax assets</b>	<u>79,110</u>	<u>88,042</u>
Software development costs for external customers	(40,384)	(42,499)
Excess of tax over book depreciation	(25,463)	(21,750)
Excess of tax over book amortization	(105,912)	(87,102)
Unrealized gains on investments	(18,081)	(16,341)
Other	(23,600)	(15,626)
<b>Total deferred tax liabilities</b>	<u>(213,440)</u>	<u>(183,318)</u>
<b>TOTAL</b>	<u>\$ (134,330)</u>	<u>\$ (95,276)</u>

Tax benefits associated with the exercise of non-qualified employee stock options were credited directly to additional paid-in capital and amounted to \$11.3 million, \$13.2 million and \$31.2 million in 2004, 2003 and 2002, respectively.

At December 31, 2004, the Company has state net operating loss carryforwards of \$35.4 million, with expiration dates ranging from 2005 through 2024. At December 31, 2004, the Company also has foreign tax credit carryforwards of \$3.8 million with expiration dates ranging from 2005 through 2012.

## 6. Employee Benefit Plans

### STOCK OPTION AND RESTRICTED STOCK PLAN

The Company's Stock Option and Restricted Stock Plan (the "Plan") provides for the granting to its employees and directors of restricted stock and either incentive or non-qualified options to purchase shares of the Company's common stock for a price not less than 100% of the fair value of the shares at the date of grant. Stock options are typically granted in the first quarter of the year, generally vest 20% on the date of grant and 20% each year thereafter and expire 10 years from the date of the award. At December 31, 2004, options to purchase 6.1 million shares were available for grant under the Plan.

Changes in stock options outstanding are as follows:

	Number of Shares (In thousands)	Weighted Average Exercise Price
Outstanding, December 31, 2001	13,003	\$ 17.18
Granted	1,519	41.21
Forfeited	(116)	24.49
Exercised	(2,796)	10.70
Outstanding, December 31, 2002	11,610	\$ 21.77
Granted	1,719	30.96
Forfeited	(326)	36.90
Exercised	(1,414)	9.37
Outstanding, December 31, 2003	11,589	\$ 24.21
Granted	1,282	38.19
Forfeited	(188)	36.19
Exercised	(1,123)	12.42
Outstanding, December 31, 2004	11,560	\$ 26.71



The number of shares under option that were exercisable at December 31, 2004, 2003 and 2002 were 8.5 million, 8.2 million and 8.1 million, at weighted-average exercise prices of \$23.44, \$20.19 and \$16.69, respectively. The following summarizes information about the Company's stock options outstanding and exercisable at December 31, 2004:

Range of Exercise Prices	Options Outstanding			Options Outstanding and Exercisable	
	Number of Shares (In thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Number of Shares (In thousands)	Weighted-Average Exercise Price
\$5.38 - \$10.67	1,630	\$ 9.32	1.5	1,630	\$ 9.32
10.89 - 16.00	1,514	15.50	3.0	1,514	15.50
17.00 - 21.33	2,283	20.63	4.6	2,260	20.66
21.67 - 30.99	1,673	30.28	7.8	709	29.70
32.46 - 37.04	2,046	36.68	6.5	1,441	36.99
37.21 - 45.99	2,414	40.29	8.0	987	40.96
<b>\$5.38 - \$45.99</b>	<b>11,560</b>	<b>\$ 26.71</b>	<b>5.4</b>	<b>8,541</b>	<b>\$ 23.44</b>

#### EMPLOYEE STOCK PURCHASE PLAN

The Company's employee stock purchase plan provides that eligible employees may purchase a limited number of shares of common stock each quarter through payroll deductions, at a purchase price equal to 85% of the closing price of the Company's common stock on the last business day of each calendar quarter. During the year ended December 31, 2004, 0.6 million shares were issued under the employee stock purchase plan. As of January 1, 2005, there were 1.0 million shares available for grant under this plan.

#### EMPLOYEE SAVINGS PLAN

The Company and its subsidiaries have defined contribution savings plans covering substantially all employees, under which eligible participants may elect to contribute a specified percentage of their salaries, subject to certain limitations. The Company makes matching contributions, subject to certain limitations, and makes discretionary contributions based upon the attainment of certain profit goals. Company contributions vest ratably at 20% for the first five years of each employee's service. Company contributions charged to operations under these plans approximated \$45.6 million, \$44.3 million and \$41.5 million in 2004, 2003 and 2002, respectively.

#### 7. Leases, other commitments and contingencies

##### LEASES

The Company leases certain office facilities and equipment under operating leases. Future minimum rental payments on operating leases with initial noncancellable lease terms in excess of one year were due as follows as of December 31, 2004:

<i>(In thousands)</i>	
Years Ending December 31,	
2005	\$ 85,664
2006	73,817
2007	59,917
2008	49,011
2009	37,112
Thereafter	105,799
<b>TOTAL</b>	<b>\$ 411,320</b>

Rent expense applicable to all operating leases was approximately \$115.6 million, \$111.2 million and \$93.8 million during the years ended December 31, 2004, 2003 and 2002, respectively.

---

**OTHER COMMITMENTS AND CONTINGENCIES**

During 2004, the Company's broker-dealer subsidiary, Fiserv Securities, Inc. ("FSI"), responded to inquiries from the Securities and Exchange Commission (the "SEC") as part of its industry-wide review of mutual fund trading practices. FSI has engaged in settlement discussions with the SEC as a result of an SEC investigation of FSI with respect to these matters. As a result of these discussions, FSI recorded a \$16 million charge, included in discontinued operations, in 2004 with respect to these matters. A portion of any settlement amount with the SEC may be non-deductible for tax purposes. While no settlement with the SEC has been reached and no assurance can be given that these matters will be settled consistent with the amounts reserved, the Company does not anticipate any further material liability arising out of the SEC investigation.

In the normal course of business, the Company and its subsidiaries are named as defendants in various lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which may ultimately result from such lawsuits are not expected to have a material adverse effect on the consolidated financial statements of the Company.

The Company's Investment support services subsidiaries had fiduciary responsibility for the administration of approximately \$35 billion in trust funds as of December 31, 2004. The Company is also the custodian of cash deposited by customers with specific instructions as to its disbursement from active escrow and account servicing files. The balances in these custodial accounts were \$90 million and \$44 million at December 31, 2004 and 2003, respectively, and have not been included in the consolidated financial statements.

## 8. Business Segment Information

In 2004, the Company reclassified its reportable segments for all periods presented to better align with how the chief operating decision maker of the Company currently manages its businesses. The previously reported "All other and corporate" segment was removed as the printing and plastic card businesses included in that segment were reclassified to the "Financial institution outsourcing, systems and services" segment and corporate expenses were allocated to each segment based on the segment's operating income as a percentage of total operating income. The securities clearing businesses which were historically presented in the Investment support services segment are reported under discontinued operations and are not included in the segment information below. The following table excludes the revenues and expenses associated with customer reimbursements because management believes that it is not appropriate to include the customer reimbursements in analyzing the current performance of the Company as these balances offset in revenues and expenses with no impact on operating income and these amounts are not an indicator of current or future business trends. Summarized financial information by business segment is as follows for each of the three years ended December 31:

<i>(In thousands)</i>	Financial Institution Outsourcing, Systems and Services	Health Plan Management Services	Investment Support Services	Total
<b>2004</b>				
Processing and services revenues	\$ 2,339,143	\$ 885,916	\$ 125,536	\$ 3,350,595
Operating income	563,645	75,365	20,550	659,560
Identifiable assets	2,501,855	696,543	2,142,773	5,341,171
Capital expenditures, including capitalization of software development costs for external customers	143,958	11,829	5,306	161,093
Depreciation and amortization expense	154,558	16,700	14,105	185,363
<b>2003</b>				
Processing and services revenues	\$ 2,076,435	\$ 399,066	\$ 116,614	\$ 2,592,115
Operating income	457,783	47,472	16,567	521,822
Identifiable assets	2,467,727	598,163	1,889,080	4,954,970
Capital expenditures, including capitalization of software development costs for external customers	124,889	10,141	4,081	139,111
Depreciation and amortization expense	138,146	11,852	15,840	165,838
<b>2002</b>				
Processing and services revenues	\$ 1,759,637	\$ 216,145	\$ 123,256	\$ 2,099,038
Operating income	383,384	32,422	18,495	434,301
Identifiable assets	1,956,901	257,339	2,072,224	4,286,464
Capital expenditures, including capitalization of software development costs for external customers	121,994	7,580	7,552	137,126
Depreciation and amortization expense	111,616	7,371	15,402	134,389

A reconciliation of reportable segment identifiable asset amounts to the Company's consolidated balance sheets is as follows:

<i>(In thousands)</i>	2004	2003	2002
<b>Assets:</b>			
Reportable segments	\$ 5,341,171	\$ 4,954,970	\$ 4,286,464
Corporate	290,661	33,372	97,421
Discontinued operations	2,751,517	2,225,833	2,054,820
<b>TOTAL</b>	<b>\$ 8,383,349</b>	<b>\$ 7,214,175</b>	<b>\$ 6,438,705</b>

The Company's domestic operations comprised approximately 97%, 96% and 95% of processing and services revenues for the years ended December 31, 2004, 2003 and 2002, respectively. No single customer accounted for more than 2%, 3% and 3% of consolidated processing and services revenues during the years ended December 31, 2004, 2003 and 2002, respectively.

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain matters discussed herein are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as "believes," "anticipates," or "expects," or words of similar import. Similarly, statements that describe future plans, objectives or goals of the Company are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those currently anticipated. Factors that could affect results include, among others, economic, competitive, governmental, regulatory and technological factors affecting the Company's operations, markets, services and related products, prices and other factors discussed in the Company's prior filings with the Securities and Exchange Commission including the Company's ability to complete the proposed sale of its securities clearing businesses. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The Company assumes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

### CRITICAL ACCOUNTING POLICIES

The Company's consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company's management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The Company continually evaluates the accounting policies and estimates it uses to prepare the consolidated financial statements. The Company bases its estimates on historical experience and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could differ from these estimates made by management.

The majority of the Company's revenues are generated from monthly account and transaction-based fees in which revenue is recognized when the related services have been rendered. The revenues are recognized under service agreements having stipulated terms and conditions which are long-term in nature, generally three to five years, and do not require management to make significant judgments or assumptions. Given the nature of the Company's business and the applicable rules guiding revenue recognition, the Company's revenue recognition practices do not contain significant estimates that materially affect its results of operations.

The Company has reviewed the carrying value of goodwill and other intangible assets by comparing such amounts to their fair values and has determined that the carrying amounts of goodwill and other intangible assets do not exceed their respective fair values. The Company is required to perform this comparison at least annually or more frequently if circumstances indicate possible impairment. When determining fair value, the Company uses various assumptions, including projections of future cash flows. Given the significance of goodwill and other intangible asset balances, an adverse change to the fair value could result in an impairment charge, which could be material to the Company's financial statements.

The Company does not participate in, nor has it created, any off-balance sheet variable interest entities or other off-balance sheet financing, other than operating leases. In addition, the Company does not enter into any derivative financial instruments for speculative purposes and uses derivative financial instruments primarily for managing its exposure to changes in interest rates and managing its ratio of fixed to floating-rate long-term debt.

### NEW ACCOUNTING PRONOUNCEMENT

In December 2004, the FASB issued SFAS No.123 (revised 2004), "Share-Based Payment" ("SFAS 123R"), that requires companies to expense the value of employee stock options, discounts on employee stock purchase plans and similar awards. Under SFAS 123R, share-based payment awards result in a cost that will be measured at fair value on the awards' grant date, based on the estimated number of awards that are expected to vest. SFAS 123R is effective for periods beginning after June 15, 2005, and applies to all outstanding and unvested share-based payment awards at the adoption date. The Company has not completed its evaluation of the impact of adopting SFAS 123R.

### MARKET RISK

Market risk refers to the risk that a change in the level of one or more market prices, interest rates, indices, correlations or other market factors, such as liquidity, will result in losses for a certain financial instrument or group of financial instruments. The Company is exposed primarily to interest rate risk and market price risk on investments and borrowings. The Company actively monitors these risks through a variety of control procedures involving senior management.

The Company's Investment support services subsidiaries accept money market account deposits from customers and invest those funds in marketable securities. Substantially all of the investments are rated within the highest investment grade categories for securities. The Company's Investment support services subsidiaries utilize simulation models for measuring and monitoring interest rate risk and market value of portfolio equities. A formal Asset Liability Committee of the Company meets quarterly to review interest rate risks, capital ratios, liquidity levels, portfolio diversification, credit risk ratings and adherence to investment policies and guidelines. Substantially all of the investments at December 31, 2004 have contractual maturities of one year or less except for mortgage-backed obligations, which have an average duration of approximately three years and five months. The Company does not believe any significant changes in interest rates would have a material impact on the consolidated financial statements.

The Company manages its debt structure and interest rate risk through the use of fixed and floating-rate debt and through the use of interest rate swaps. The Company uses interest rate swaps to partially hedge its exposure to interest rate changes and to control its financing costs. Generally, under these swaps, the Company agrees with a counter party to exchange the difference between fixed-rate and floating-rate interest amounts based on an agreed notional amount. While changes in interest rates could decrease the Company's interest income or increase its interest expense, the Company does not believe that it has a material exposure to changes in interest rates, primarily due to approximately 60% of the Company's long-term debt having fixed interest rates as of December 31, 2004. Based on the Company's long-term debt with variable interest rates as of December 31, 2004, a 1% increase in the Company's borrowing rate would increase annual interest expense by approximately \$1.9 million. Based on the controls in place, management believes the risks associated with financial instruments at December 31, 2004, will not have a material effect on the Company's consolidated financial position or results of operations.

## RESULTS OF OPERATIONS

The Company is an independent provider of financial data processing systems and related information management services and products to financial institutions, other financial intermediaries and employers who self-insure their health plans. During 2004, the Company reclassified its reportable segments to better align with how the chief operating decision maker of the Company currently manages its businesses. The previously reported "All other and corporate" segment was removed as the printing and plastic card businesses included in that segment were reclassified to the "Financial institution outsourcing, systems and services" segment and corporate expenses were allocated to each segment based on the segment's operating income as a percentage of total operating income. The Company's continuing operations are classified into three business segments: Financial institution outsourcing, systems and services ("Financial"); Health plan management services ("Health"); and Investment support services ("Investment").

On December 16, 2004, the Company announced it had reached a definitive agreement to sell its securities clearing businesses to the National Financial unit of Fidelity Investments for a price of approximately \$365 million. The transaction is subject to standard and customary closing conditions and is expected to close in the first quarter of 2005. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the financial results of the Company's securities clearing businesses are reported as discontinued operations for all periods presented and are not included in the following segment information.

The following table presents, for the period indicated, certain amounts included in the Company's consolidated statements of income, the relative percentage that those amounts represent to processing and services revenues, and the percentage change in those amounts from year to year. This information should be read along with the consolidated financial statements and notes thereto. This table and the following discussion exclude the revenues and expenses associated with customer reimbursements because management believes that it is not appropriate to include the customer reimbursements in analyzing the current performance of the Company as these balances offset in revenues and expenses with no impact on operating income and these amounts are not an indicator of current or future business trends. Customer reimbursements, which primarily consist of pass-through expenses such as postage and data communication costs, were \$379.2 million, \$333.3 million and \$290.4 million for the years ended December 31, 2004, 2003 and 2002, respectively.

	Year ended December 31, (In millions)			Percent of processing revenue Year ended December 31,			Percent Increase (Decrease)	
	2004	2003	2002	2004	2003	2002	2004 vs. 2003	2003 vs. 2002
<b>Processing and services revenues:</b>								
Financial	\$2,339.1	\$2,076.4	\$1,759.6	70%	80%	84%	13%	18%
Health	885.9	399.1	216.1	26%	15%	10%	122%	85%
Investment	125.5	116.6	123.3	4%	4%	6%	8%	(5)%
<b>TOTAL</b>	<b>\$3,350.6</b>	<b>\$2,592.1</b>	<b>\$2,099.0</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>29%</b>	<b>23%</b>
<b>Cost of revenues:</b>								
Salaries, commissions and payroll related costs	\$1,320.8	\$1,222.7	\$1,053.9	39%	47%	50%	8%	16%
Data processing costs and equipment rentals	212.1	205.6	153.2	6%	8%	7%	3%	34%
Prescription costs	439.6	55.9	—	13%	2%	—	686%	—
Other operating expenses	533.3	420.3	323.2	16%	16%	15%	27%	30%
Depreciation and amortization	185.4	165.8	134.4	6%	6%	6%	12%	23%
<b>TOTAL</b>	<b>\$2,691.0</b>	<b>\$2,070.3</b>	<b>\$1,664.7</b>	<b>80%</b>	<b>80%</b>	<b>79%</b>	<b>30%</b>	<b>24%</b>
<b>Operating income:</b>								
Financial (1)	\$ 563.6	\$ 457.8	\$ 383.4	24%	22%	22%	23%	19%
Health (1)	75.4	47.5	32.4	9%	12%	15%	59%	46%
Investment (1)	20.6	16.6	18.5	16%	14%	15%	24%	(10)%
<b>TOTAL</b>	<b>\$ 659.6</b>	<b>\$ 521.8</b>	<b>\$ 434.3</b>	<b>20%</b>	<b>20%</b>	<b>21%</b>	<b>26%</b>	<b>20%</b>

(1) Percent of segment revenues is calculated as a percent of the Financial, Health and Investment segment's processing and services revenues.

## INTERNAL REVENUE GROWTH

Internal revenue growth percentages are measured as the increase or decrease in total processing and services revenues for the current period less “acquired revenue from acquisitions” divided by total processing and services revenues from the prior year period plus “acquired revenue from acquisitions.” “Acquired revenue from acquisitions” represents pre-acquisition normalized revenue of acquired companies, less dispositions, for the comparable prior year periods. Internal revenue growth percentage is a non-GAAP financial measure that the Company believes is useful to investors because it provides a breakdown of internal and acquisition-related revenue growth. The following table sets forth the calculation of internal revenue growth percentages:

	Year ended December 31, (In millions)			2004 Internal Growth%	Year ended December 31, (In millions)			2003 Internal Growth%
	2004	2003	Increase (Decrease)		2003	2002	Increase (Decrease)	
<b>Total Company</b>								
Processing and services revenues	\$3,350.6	\$2,592.1	\$ 758.5		\$2,592.1	\$2,099.0	\$ 493.1	
Acquired revenue from acquisitions		456.0	(456.0)			359.4	(359.4)	
Adjusted revenues	\$3,350.6	\$3,048.1	\$ 302.5	10%	\$2,592.1	\$2,458.4	\$ 133.7	5%
<b>By Segment:</b>								
<b>Financial</b>								
Processing and services revenues	\$2,339.1	\$2,076.4	\$ 262.7		\$2,076.4	\$1,759.6	\$ 316.8	
Acquired revenue from acquisitions		206.1	(206.1)			270.8	(270.8)	
Adjusted revenues	\$2,339.1	\$2,282.5	\$ 56.6	2%	\$2,076.4	\$2,030.4	\$ 46.0	2%
<b>Health</b>								
Processing and services revenues	\$ 885.9	\$ 399.1	\$ 486.9		\$ 399.1	\$ 216.1	\$ 182.9	
Acquired revenue from acquisitions		249.9	(249.9)			88.5	(88.5)	
Adjusted revenues	\$ 885.9	\$ 649.0	\$ 237.0	37%	\$ 399.1	\$ 304.6	\$ 94.4	31%
<b>Investment</b>								
Processing and services revenues	\$ 125.5	\$ 116.6	\$ 8.9	8%	\$ 116.6	\$ 123.3	(\$ 6.6)	(5)%

## PROCESSING AND SERVICES REVENUES

Total processing and services revenues increased \$758.5 million, or 29%, in 2004 compared to 2003 and \$493.1 million, or 23%, in 2003 compared to 2002. The internal revenue growth rate was 10% in 2004 and 5% in 2003 with the remaining growth resulting from acquisitions in the Financial and Health segments. Overall internal revenue growth was primarily derived from sales to new clients, cross-sales to existing clients and increases in transaction volumes from existing clients. The increase in the internal revenue growth rate in 2004 to 10% from 5% in 2003 was primarily driven by strong internal revenue growth in the Health segment.

The Financial segment had revenue growth of \$262.7 million, or 13%, in 2004 compared to 2003 and \$316.8 million, or 18%, in 2003 compared to 2002. The internal revenue growth rate in the Financial segment was 2% in both 2004 and 2003 with the remaining growth resulting from acquisitions. The Financial segment's businesses generally enter into three to five year contracts with its customers that contain early contract termination fees. The internal revenue growth rate in this segment was positively impacted by approximately 1% in 2004 compared to 2003, due to an increase of \$27 million in revenue associated with one-time early contract termination and assignment fees. Approximately \$13 million of the increase in one-time fees in 2004 was due to one large contract assignment fee and one contract terminated early in the contract term caused by a customer being acquired by another financial institution. The internal revenue growth rate in 2004 was negatively impacted by approximately 1% due to the loss of an item processing customer announced in 2003.

The Health segment had revenue growth of \$486.9 million, or 122%, in 2004 compared to 2003 and \$182.9 million, or 85%, in 2003 compared to 2002. Total revenue growth in 2004 for this segment was positively impacted by an increase of \$383.7 million related to the inclusion in revenues and cost of revenues of the prescription ingredient cost in the pharmacy services businesses. The Company entered the pharmacy services business in the second quarter of 2003. The average operating margins of the Company's pharmacy services businesses are in the mid single digits. The internal revenue growth rate in this segment for 2004 was 37% and for 2003 was 31% with the remaining growth resulting from acquisitions.

Revenue in the Investment segment increased by \$8.9 million, or 8%, in 2004 compared to 2003 and decreased by \$6.6 million, or 5%, in 2003 compared to 2002. During 2004, new customer sales and an increase in assets under administration resulted in an increase in trust administration fees. In addition, the combination of increased investments and rising interest rates increased investment income in 2004.

## COST OF REVENUES

Cost of revenues increased \$620.7 million, or 30%, in 2004 compared to 2003 and \$405.6 million, or 24%, in 2003 compared to 2002. As a percentage of processing and services revenues, cost of revenues were 80% in 2004 and 2003, and 79% in 2002. The make up of cost of revenues each year has been affected by business acquisitions and significantly impacted by changes in the mix of the Company's business.

As a percentage of processing and services revenues, salaries, commissions and payroll related costs were 39% in 2004, 47% in 2003 and 50% in 2002, and data processing costs and equipment rentals were 6% in 2004, 8% in 2003, and 7% in 2002. The decline in salaries, commissions and payroll related costs and data processing costs and equipment rentals as a percentage of revenue from 2003 to 2004 was primarily the result of the revenue growth of \$486.9 million in the Health segment in 2004, primarily driven by the pharmacy services businesses. The pharmacy services businesses' revenue growth contributed to a significant increase of prescription costs of \$383.7 million. The increase in prescription costs as a percentage of processing and services revenue in 2004 resulted in a decrease in these other expense categories as a percentage of processing and services revenue.

As a percentage of processing and services revenues, other operating expenses were 16% in 2004 and 2003, and 15% in 2002. Other operating expenses as a percentage of processing and services revenues were relatively consistent year over year as the impact of the prescription ingredient costs mentioned previously was offset by the impact of acquisitions in the Financial segment, which have a higher proportion of other operating expenses, primarily third party contractor costs, than other expense categories.



## OPERATING INCOME

Operating income increased \$137.7 million, or 26%, in 2004 compared to 2003 and \$87.5 million, or 20%, in 2003 compared to 2002. The operating income increase in 2004 compared to 2003 was primarily derived from the Financial segment which increased operating income \$105.9 million in 2004 compared to 2003 and the Health segment which increased operating income \$27.9 million in 2004 compared to 2003.

Operating margins in the Financial segment were 24% in 2004 and 22% in 2003 and 2002. The increase in operating margins in 2004 compared to 2003 in the Financial segment was primarily due to continued operating efficiencies and the impact of increased one-time termination and assignment fees of \$27 million which increased operating margins by approximately 1%.

Operating margins in the Health segment were 9% in 2004, 12% in 2003 and 15% in 2002. The decrease in operating margins in the Health segment in 2004 compared to 2003 and to 2002 was due to the significant growth in the pharmacy services businesses, which generate operating margins in the mid single digits as previously discussed.

Operating margins in the Investment segment were 16% in 2004, 14% in 2003 and 15% in 2002. Operating margins increased by 2% over 2003 primarily due to increased trust administration fees and investment income, and the completion of the Investment support services operations consolidation to one technology platform and into one location.

## DISCONTINUED OPERATIONS

The net loss from discontinued operations was \$17.3 million for the year ended December 31, 2004, or \$(0.09) per share, compared to net income from discontinued operations of \$6.2 million, or \$0.03 per share, for the year ended December 31, 2003. The increased loss in 2004 was primarily due to a charge of \$16 million, or \$(0.07) per share, related to inquiries from the Securities Exchange Commission as part of its industry-wide review of mutual fund practices, including market timing and late trading. The Company's broker-dealer subsidiary, Fiserv Securities, Inc. ("FSI"), has engaged in settlement discussions with the SEC as a result of an SEC investigation of FSI with respect to these matters. A portion of any settlement amount with the SEC may be non-deductible for tax purposes. While no settlement with the SEC has been reached and no assurance can be given that these matters will be settled consistent with the amounts reserved, the Company does not anticipate any further material liability arising out of the SEC investigation (see Notes 3 and 7).

## INCOME TAX PROVISION

The effective income tax rate on continuing operations was 38.4% in 2004 and 39.0% in 2003 and 2002. The decrease in the 2004 tax rate of 0.6% was primarily due to tax benefits associated with recently enacted federal tax law changes that impacted the utilization of foreign tax credits. The income tax rate on continuing operations for 2005 is expected to be 38.7%.

## NET INCOME PER SHARE -DILUTED

Net income per share-diluted for 2004 was \$1.91 compared to \$1.61 in 2003 and \$1.37 in 2002. Net income per share-diluted from continuing operations for 2004 was \$2.00 compared to \$1.58 in 2003 and \$1.33 in 2002. The \$2.00 in net income from continuing operations per share for 2004 was positively impacted by approximately \$0.08 per share, compared to 2003, due to an increase of \$27 million in one-time early termination and assignment fees in our Financial segment discussed previously.

The Company's growth has been accomplished, to a significant degree, through the acquisition of businesses that are complementary to its operations. Management believes that a number of acquisition candidates are available that would further enhance the Company's competitive position and plans to pursue them vigorously. Management is engaged in an ongoing program to reduce expenses related to acquisitions by eliminating operating redundancies. The Company's approach has been to move slowly in achieving this goal in order to minimize the amount of disruption experienced by its clients and the potential loss of clients due to this program.

## LIQUIDITY AND CAPITAL RESOURCES

Free cash flow is measured as net cash provided by operating activities from continuing operations less capital expenditures including capitalization of software costs for external customers, as reported in the Company's consolidated statements of cash flows. Free cash flow is a non-GAAP financial measure that the Company believes is useful to investors because it provides another measure of available cash flow after the Company has satisfied the capital requirements of its operations. The following table summarizes free cash flow for the Company during the years ended December 31:

	2004	2003	2002
<i>(In millions)</i>			
Net cash provided by operating activities from continuing operations	\$ 698.4	\$ 595.7	\$ 481.1
Capital expenditures, including capitalization of software costs for external customers	(161.1)	(139.1)	(137.1)
Free cash flow	\$ 537.3	\$ 456.6	\$ 344.0

Free cash flow increased by \$80.7 million, or 18%, in 2004 compared to 2003 primarily due to an increase in net income. In 2004, the Company primarily used its free cash flow of \$537.3 million to repay long-term debt of \$210.2 million, to repurchase \$64.3 million of stock and to build cash balances.

Long-term debt includes \$195.0 million borrowed under the Company's \$700.0 million credit and commercial paper facility, which is comprised of a \$465.3 million five-year revolving credit facility due in 2009 and a \$234.7 million 364-day revolving credit facility, which is renewable annually through 2009. The Company must, among other requirements, maintain a minimum net worth of \$1.8 billion as of December 31, 2004 and limit its total debt to no more than three and one-half times the Company's earnings before interest, taxes, depreciation and amortization. At December 31, 2004, the Company had \$505.3 million of long-term debt, while shareholders' equity was \$2.6 billion. The Company was in compliance with all covenants throughout 2004.

At December 31, 2004, the Company had operating lease commitments for office facilities and equipment aggregating \$411.3 million, of which \$85.7 million will be incurred in 2005. The Company believes that its cash flow from operations together with other available sources of funds will be adequate to meet its operating requirements, debt repayments, contingent payments in connection with business acquisitions and ordinary capital spending needs. At December 31, 2004, the Company had \$503.8 million available for borrowing and \$516.1 million in cash and cash equivalents. In the event that the Company makes significant future acquisitions, however, it may raise funds through additional borrowings or the issuance of securities.

The Company's current policy is to retain earnings to support future business opportunities, rather than to pay dividends. During 1999, the Company's Board of Directors authorized the repurchase of up to 4.9 million shares of the Company's common stock, which the Company fully utilized by December 31, 2004. In 2004, the Company's Board of Directors authorized the repurchase of an additional 8.3 million shares of the Company's common stock. Shares purchased under the authorization are made through open market transactions as market conditions warrant. Shares acquired have historically been held for issuance in connection with acquisitions and employee stock option and purchase plans. During 2004, the Company repurchased 1.7 million shares for \$64.3 million to complete the 1999 Board authorization. As of December 31, 2004, approximately 8.3 million shares from the 2004 authorization remained available under the repurchase authorization.

#### OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company does not have any material off-balance sheet arrangements. The following table details certain of the Company's contractual cash obligations at December 31, 2004:

(In millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt	\$ 505.3	\$ 47.5	\$ 7.8	\$ 450.1	—
Minimum operating lease payments	411.3	85.7	133.7	86.1	\$ 105.8
Short-term debt	100.0	100.0	—	—	—
Purchase obligations	9.1	4.9	2.4	1.8	—
<b>Total</b>	<b>\$ 1,025.6</b>	<b>\$ 238.1</b>	<b>\$ 143.9</b>	<b>\$ 538.0</b>	<b>\$ 105.8</b>

## SELECTED FINANCIAL DATA

The following data, which has been affected by acquisitions, should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this Annual Report.

*(In thousands, except per share data)  
Years ended December 31,*

	2004	2003	2002	2001	2000
Processing and services revenues	\$ 3,350,595	\$ 2,592,115	\$ 2,099,038	\$ 1,761,625	\$ 1,473,123
Income from continuing operations	394,898	308,823	259,331	198,676	130,224
Income (loss) from discontinued operations	(17,256)	6,189	6,806	9,541	46,797
Net income	377,642	315,012	266,137	208,217	177,021
Basic net income (loss) per share:					
Continuing operations	\$ 2.03	\$ 1.60	\$ 1.36	\$ 1.06	\$ 0.71
Discontinued operations	(0.09)	0.03	0.04	0.05	0.25
<b>TOTAL</b>	<b>\$ 1.94</b>	<b>\$ 1.63</b>	<b>\$ 1.39</b>	<b>\$ 1.11</b>	<b>\$ 0.96</b>
Diluted net income (loss) per share:					
Continuing operations	\$ 2.00	\$ 1.58	\$ 1.33	\$ 1.04	\$ 0.69
Discontinued operations	(0.09)	0.03	0.03	0.05	0.24
<b>TOTAL</b>	<b>\$ 1.91</b>	<b>\$ 1.61</b>	<b>\$ 1.37</b>	<b>\$ 1.09</b>	<b>\$ 0.93</b>
Total assets	\$ 8,383,349	\$ 7,214,175	\$ 6,438,705	\$ 5,322,242	\$ 5,586,320
Long-term debt	505,327	699,116	482,824	343,093	334,958
Shareholders' equity	2,564,422	2,199,808	1,827,669	1,604,826	1,252,072

Note: The above information excludes the revenues and expenses associated with customer reimbursements recorded in accordance with EITF No. 01-14. Operating results have been restated to include all activities related to the securities clearing businesses in discontinued operations for all periods presented.

## MARKET PRICE INFORMATION

The following information relates to the high and low sales price of the Company's common stock, which is traded on the Nasdaq Stock Market under the symbol FISV.

Quarter Ended	2004		2003	
	High	Low	High	Low
March 31	\$40.61	\$35.02	\$36.25	\$27.23
June 30	41.00	34.10	37.51	28.64
September 30	39.05	32.20	40.77	35.30
December 31	41.01	33.28	40.00	32.87

At December 31, 2004, the Company's common stock was held by 11,169 shareholders of record. It is estimated that an additional 55,800 shareholders own the Company's stock through nominee or street name accounts with brokers. The closing sale price for the Company's stock on January 31, 2005, was \$38.25 per share.

**QUARTERLY FINANCIAL INFORMATION (Unaudited)**

	Quarters				Total
	First	Second	Third	Fourth	
<b>2004</b>					
Processing and services revenues	\$ 811,556	\$ 829,842	\$ 843,095	\$ 866,102	\$ 3,350,595
Cost of revenues	650,218	667,930	669,397	703,490	2,691,035
<b>Operating income</b>	<b>161,338</b>	<b>161,912</b>	<b>173,698</b>	<b>162,612</b>	<b>659,560</b>
Interest expense - net	(4,732)	(4,486)	(4,395)	(4,581)	(18,194)
<b>Income from continuing operations before income taxes</b>	<b>156,606</b>	<b>157,426</b>	<b>169,303</b>	<b>158,031</b>	<b>641,366</b>
Income tax provision	60,897	61,331	65,008	59,232	246,468
<b>Income from continuing operations</b>	<b>95,709</b>	<b>96,095</b>	<b>104,295</b>	<b>98,799</b>	<b>394,898</b>
Loss from discontinued operations, net of tax	(2,911)	(1,061)	(11,938)	(1,346)	(17,256)
<b>Net income</b>	<b>\$ 92,798</b>	<b>\$ 95,034</b>	<b>\$ 92,357</b>	<b>\$ 97,453</b>	<b>\$ 377,642</b>
<b>Basic net income (loss) per share:</b>					
Continuing operations	\$ 0.49	\$ 0.49	\$ 0.53	\$ 0.51	\$ 2.03
Discontinued operations	(0.01)	(0.01)	(0.06)	(0.01)	(0.09)
<b>TOTAL</b>	<b>\$ 0.48</b>	<b>\$ 0.49</b>	<b>\$ 0.47</b>	<b>\$ 0.50</b>	<b>\$ 1.94</b>
<b>Diluted net income (loss) per share:</b>					
Continuing operations	\$ 0.49	\$ 0.49	\$ 0.53	\$ 0.50	\$ 2.00
Discontinued operations	(0.01)	(0.01)	(0.06)	(0.01)	(0.09)
<b>TOTAL</b>	<b>\$ 0.47</b>	<b>\$ 0.48</b>	<b>\$ 0.47</b>	<b>\$ 0.49</b>	<b>\$ 1.91</b>

	Quarters				Total
	First	Second	Third	Fourth	
<b>2003</b>					
Processing and services revenues	\$ 580,578	\$ 616,816	\$ 673,935	\$ 720,786	\$ 2,592,115
Cost of revenues	457,123	487,178	541,109	584,883	2,070,293
<b>Operating income</b>	<b>123,455</b>	<b>129,638</b>	<b>132,826</b>	<b>135,903</b>	<b>521,822</b>
Interest expense - net	(2,977)	(3,474)	(4,472)	(4,632)	(15,555)
<b>Income from continuing operations before income taxes</b>	<b>120,478</b>	<b>126,164</b>	<b>128,354</b>	<b>131,271</b>	<b>506,267</b>
Income tax provision	46,987	49,203	50,058	51,196	197,444
<b>Income from continuing operations</b>	<b>73,491</b>	<b>76,961</b>	<b>78,296</b>	<b>80,075</b>	<b>308,823</b>
Income from discontinued operations, net of tax	697	1,477	2,116	1,899	6,189
<b>Net income</b>	<b>\$ 74,188</b>	<b>\$ 78,438</b>	<b>\$ 80,412</b>	<b>\$ 81,974</b>	<b>\$ 315,012</b>
<b>Basic net income per share:</b>					
Continuing operations	\$ 0.38	\$ 0.40	\$ 0.40	\$ 0.41	\$ 1.60
Discontinued operations	—	0.01	0.01	0.01	0.03
<b>TOTAL</b>	<b>\$ 0.39</b>	<b>\$ 0.41</b>	<b>\$ 0.42</b>	<b>\$ 0.42</b>	<b>\$ 1.63</b>
<b>Diluted net income per share:</b>					
Continuing operations	\$ 0.38	\$ 0.39	\$ 0.40	\$ 0.41	\$ 1.58
Discontinued operations	—	0.01	0.01	0.01	0.03
<b>TOTAL</b>	<b>\$ 0.38</b>	<b>\$ 0.40</b>	<b>\$ 0.41</b>	<b>\$ 0.42</b>	<b>\$ 1.61</b>

Note: The above information excludes the revenues and expenses associated with customer reimbursements recorded in accordance with EITF No. 01-14. Results have been restated to include all activities related to the securities clearing businesses in discontinued operations for all periods presented.

---

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Shareholders and Directors of Fiserv, Inc.

We have audited the accompanying consolidated balance sheets of Fiserv, Inc. and subsidiaries (“the Company”) as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2004. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Fiserv, Inc. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company’s internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 7, 2005 expressed an unqualified opinion on management’s assessment of the Company’s internal control over financial reporting and an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

/s/ Deloitte & Touche LLP

**Deloitte & Touche LLP**  
Milwaukee, Wisconsin  
February 7, 2005

---

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework*. Based on our management's assessment, our management believes that, as of December 31, 2004, our internal control over financial reporting was effective based on those criteria.

Our independent registered public accounting firm has issued their attestation report on our assessment of our internal control over financial reporting.

---

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Shareholders and Directors of Fiserv, Inc.

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting, that Fiserv, Inc. and subsidiaries (the "Company") maintained effective control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the COSO. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control—Integrated Framework* issued by the COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2004 of the Company and our report dated February 7, 2005 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

**Deloitte & Touche LLP**  
Milwaukee, Wisconsin  
February 7, 2005

## SUBSIDIARIES OF THE REGISTRANT

Name under which Subsidiary does Business	State (Country) of Incorporation
Advanced Insurance Coverages, Inc.	Florida
Agio Insurance Agency, Inc.	Montana
Artius, Inc.	Ohio
Aspen Investment Alliance, Inc.	Colorado
Avidyn Health, LLLP	Delaware
AVIDYN Holdings, Inc.	Delaware
Benefit Control Management, LLC	Texas
Benefit Planners Limited, L.L.P.	Texas
Benesight Insurance Agency of Massachusetts, Inc.	Delaware
Benesight, Inc.	Delaware
Benesight.com, Incorporated	Delaware
BHC Investments, Inc.*	Delaware
BP Inc.	Delaware
Cusick Enterprises Limited, L.L.P.	Texas
Cusick Management, LLC	Texas
Data-Chain Solutions, Inc.	Delaware
Data-Link Systems, LLC	Wisconsin
DirectComp Rx, Inc.	Delaware
EPSIIA Corporation	Texas
Fidelity Fullfillment Center, LLC	Delaware
Fiserv (ASPAC) Pte. Ltd	Singapore
Fiserv (Bejing) Technology Ltd	China
Fiserv (Europe) Ltd	England
Fiserv Argentina S.R.L.	Argentina
Fiserv Australia Pty Limited	New South Wales
Fiserv BP, Inc.	Wisconsin
Fiserv BPI, Inc.	Texas
Fiserv CIR, Inc.	Delaware
Fiserv Clearing, Inc.	Delaware
Fiserv Colombia Limitada	Colombia
Fiserv Connecticut Sub, Inc.	Connecticut
Fiserv Costa Rica, S.A.	Costa Rica
Fiserv CSW, Inc.	Massachusetts
Fiserv Federal Systems, Inc.	Delaware
Flserv Fresno, Inc.	California
Fiserv FSC, Inc.	California
Fiserv Health, Inc.	Delaware
Fiserv Insurance Agency of Alabama, Inc.*	Alabama
Fiserv International (Barbados) Limited	Barbados
Fiserv Investment Support Services, Inc.	Colorado
Fiserv Investor Services, Inc.*	Delaware
Fiserv LeMans, Inc.	Delaware

\* Companies included in Discontinued Operations



## SUBSIDIARIES OF THE REGISTRANT

Name under which Subsidiary does Business	State (Country) of Incorporation
Fiserv Mercosur, Inc.	Delaware
Fiserv PAR, Inc.	Wisconsin
Fiserv Polska Sp. z.o.o.	Poland
Fiserv San Juan, Inc.	Puerto Rico
Fiserv Securities, Inc.*	Delaware
Fiserv Solutions of Canada Inc.	Ontario
Fiserv Solutions, Inc.	Wisconsin
Fiserv Trust Company	Colorado
General American Corporation	Arizona
General American Corporation	Nevada
General American Corporation	Pennsylvania
General American Corporation of Alabama, L.L.C.	Alabama
General American Corporation of Maryland, Inc.	Maryland
General American Corporation South, Inc.	Florida
General American Corporation Title Agency, Inc.	Ohio
Harrington Benefit Services, Inc.	Delaware
ILS Services, LLC	Delaware
ILS Title Agency of Alabama, LLC	Alabama
ILS Title Agency, LLC	Delaware
IMS Direct, Inc.	Florida
Information Technology, Inc.	Nebraska
Innoviant Pharmacy, Inc.	Pennsylvania
Innoviant, Inc.	Delaware
Insurance Education Institute, Inc.	North Carolina
Insurance Management Solutions Group, Inc.	Florida
Insurance Management Solutions, Inc.	Florida
Intria Items Inc.	Ontario
ITI of Nebraska, Inc.	Nebraska
J.O. One, Ltd	Texas
Lenders Financial Services, LLC	California
LFS Realty, Inc.	California
National Flood Services, Inc.	Montana
ppoOne, Inc.	Delaware
Precision Computer Systems, Inc.	South Dakota
Precision Direct, Inc.	Washington
Preferred Health Arrangement Limited, L.L.P.	Texas
PT Fiserv Indonesia	Indonesia
RegEd Inc.	North Carolina
ReliaQuote, Inc.	Virginia

\* Companies included in Discontinued Operations

## SUBSIDIARIES OF THE REGISTRANT

<u>Name under which Subsidiary does Business</u>	<u>State (Country) of Incorporation</u>
RemitStream Solutions, LLC	Delaware
Results India Systems Private Limited	India
Results International Systems, Inc.	Ohio
RL Reserve, Inc.	Colorado
RSA Mortgage Solutions, Inc.	Delaware
RSA Solutions, Inc.	Delaware
Select Advisory Services, LLC*	Texas
Sheridan RE	Cayman Islands
The Freedom Group, Inc.	Iowa
Third Party Solutions, Inc.	Delaware
TradeStar Insurance Agency, Inc.*	Texas
TradeStar Investments, Inc.*	Delaware
Trust Industrial Bank	Colorado
USERS Incorporated	Maryland
Wausau Benefits, Inc.	Delaware
XP Systems Corporation	Minnesota

\* Companies included in Discontinued Operations

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-120359, 333-64353, 333-04417, 333-28121, 333-34310 and 333-34396 on Form S-8; Registration Statement No. 333-44935 on Form S-4, and Registration Statement No. 333-104270 on Form S-3 of our reports dated February 7, 2005, relating to the consolidated financial statements and financial statement schedule of Fiserv, Inc. and management's report on the effectiveness of internal control over financial reporting, appearing in and incorporated by reference in this annual report on Form 10-K for the year ended December 31, 2004.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP  
Milwaukee, Wisconsin  
February 25, 2005

## CERTIFICATIONS

I, Leslie M. Muma, certify that:

1. I have reviewed this Annual Report on Form 10-K of Fiserv, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth 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 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 25, 2005

By: /s/ Leslie M. Muma

---

Leslie M. Muma  
President and Chief Executive Officer

## CERTIFICATIONS

I, Kenneth R. Jensen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Fiserv, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth 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 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 25, 2005

By: /s/ Kenneth R. Jensen

---

Kenneth R. Jensen  
Senior Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Fiserv, Inc. (the "Company") for the year ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Leslie M. Muma, as President and Chief Executive Officer of the Company, and Kenneth R. Jensen, as Senior Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of the Company, each hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) 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.

By: /s/ Leslie M. Muma

---

Leslie M. Muma  
President and Chief Executive Officer  
February 25, 2005

/s/ Kenneth R. Jensen

---

Kenneth R. Jensen  
Senior Executive Vice President, Chief Financial Officer,  
Treasurer and Assistant Secretary  
February 25, 2005