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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): December 3, 2007**

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**Fiserv, Inc.**

(Exact Name of Registrant as Specified in Charter)

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**Wisconsin**  
(State or Other Jurisdiction  
of Incorporation)

**0-14948**  
(Commission File Number)

**39-1506125**  
(IRS Employer  
Identification No.)

**255 Fiserv Drive, Brookfield, Wisconsin 53045**  
(Address of Principal Executive Offices, including Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On the evening of December 3, 2007, Fiserv, Inc. ("Fiserv") completed its acquisition of CheckFree Corporation pursuant to the terms of that certain Agreement and Plan of Merger, dated August 2, 2007, as amended (the "Merger Agreement"). Pursuant to the terms of the Merger Agreement, Braves Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Fiserv, merged with and into CheckFree Corporation, a Delaware corporation ("CheckFree"), with CheckFree continuing as the surviving entity and a wholly-owned subsidiary of Fiserv (the "Merger"). At the effective time of the Merger, the issued and outstanding shares of CheckFree common stock, par value \$0.01 per share, were converted into the right to receive \$48.00 per share in cash, totaling approximately \$4.4 billion, and CheckFree became a wholly-owned subsidiary of Fiserv.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, a copy of which is filed herewith as Exhibit 2.1 and is incorporated herein by reference. There are representations and warranties contained in the Merger Agreement which were made by the parties to each other as of specific dates. The assertions embodied in these representations and warranties were made solely for purposes of the Merger Agreement and may be subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. Moreover, certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a contractual standard of materiality that is different from certain standards generally applicable to shareholders or were used for the purpose of allocating risk between the parties rather than establishing matters as facts. Based upon the foregoing reasons, you should not rely on the representations and warranties as statements of factual information.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

*Peter Kight*

On December 3, 2007, as of the effective time of the Merger, Peter J. Kight was appointed to the board of directors of Fiserv and Vice Chairman. Mr. Kight will not serve on any committees of the board. Mr. Kight, 51, was the founder of CheckFree Corporation and served as its Chairman and Chief Executive Officer since December 1997. From 1997 to 1999, Mr. Kight served as President of CheckFree Corporation and, from 1981 to 1999, he served as President of CheckFree Services Corporation. Mr. Kight is also director of Akamai Technologies, Inc., a publicly held company that distributes computing solutions and services, and Manhattan Associates, Inc., a publicly held company that provides supply chain planning and execution solutions.

Pursuant to the terms of the Merger Agreement, unvested options to purchase shares of common stock of CheckFree and unvested restricted shares of CheckFree held by certain employees, including Mr. Kight, were, at the effective time of the Merger, converted into options to purchase shares or restricted shares of Fiserv, as the case may be, to acquire a number of shares of Fiserv common stock based on a conversion equation set forth in Merger Agreement. A copy of the plan pursuant to which the options and shares of restricted stock were issued, the CheckFree Corporation Amended and Restated 2002 Stock Incentive Plan, is filed herewith as Exhibit 10.1 and is incorporated herein by reference. Forms of the applicable restricted stock and stock option agreements are filed herewith as Exhibits 10.2, 10.3, 10.4, and 10.5 and are incorporated herein by reference.

*Norman Balthasar*

On December 3, 2007, Norman Balthasar, senior executive vice president and chief operating officer of Fiserv, informed Fiserv that he will retire from this position on December 31, 2007. Fiserv anticipates that Mr. Balthasar will remain with Fiserv through June 30, 2008 to assist with transition responsibilities and the integration of CheckFree.

**Item 7.01 Regulation FD Disclosure.**

A copy of the press release announcing the completion of the Merger is furnished herewith as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits.**

(a) Financial statements of business acquired.

The audited consolidated balance sheets of CheckFree as of June 30, 2006 and 2007 and the related audited consolidated statements of operations, stockholders' equity and cash flows for the fiscal years ended June 30, 2005, 2006 and 2007 were previously filed as Exhibit 99.3 to Fiserv's Current Report on Form 8-K, filed on November 13, 2007, and are incorporated by reference herein.

The unaudited consolidated balance sheet of CheckFree as of September 30, 2007 and the related unaudited consolidated condensed statements of operations and cash flows for the three months ended September 30, 2006 and 2007 were previously filed as Exhibit 99.4 to Fiserv's Current Report on Form 8-K, filed on November 13, 2007, and are incorporated by reference herein.

(b) Pro forma financial information.

The pro forma financial information required by this item is filed as Exhibit 99.4 hereto and is incorporated by reference herein.

(d) Exhibits. The following exhibits are being filed or furnished herewith:

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger, dated as of August 2, 2007, among Fiserv, Inc., Braves Acquisition Corp., and Check Free Corporation (1)
10.1	CheckFree Corporation Amended and Restated 2002 Stock Incentive Plan
10.2	Form of nonstatutory stock option agreement under the CheckFree Corporation Amended and Restated 2002 Stock Incentive Plan
10.3	Form of incentive stock option agreement under the CheckFree Corporation Amended and Restated 2002 Stock Incentive Plan
10.4	Form of performance accelerated restricted stock award agreement under the Check Free Corporation Amended and Restated 2002 Stock Incentive Plan
10.5	Form of restricted stock award agreement under the Check Free Corporation Amended and Restated 2002 Stock Incentive Plan
23.1	Consent of Deloitte & Touche LLP
99.1	Press Release, dated December 4, 2007 (furnished pursuant to Item 7.01)
99.2	Audited consolidated balance sheets of CheckFree as of June 30, 2006 and 2007, the related audited consolidated statements of operations, stockholders' equity and cash flows for the fiscal years ended June 30, 2005, 2006 and 2007, and the independent registered public accounting firm's report related thereto (2)
99.3	Unaudited consolidated balance sheet of CheckFree as of September 30, 2007 and related unaudited consolidated condensed statements of operations and cash flows for the three months ended September 30, 2006 and 2007 (2)
99.4	Unaudited Pro Forma Condensed Combined Financial Statements

(1) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ending June 30, 2007, filed on August 3, 2007, and incorporated herein by reference.

(2) Previously filed as an exhibit to the Company's Current Report on Form 8-K, filed on November 13, 2007, and incorporated herein by reference.

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**SIGNATURES**

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

FISERV, INC.

Date: December 7, 2007

By: /s/ Thomas J. Hirsch  
Thomas J. Hirsch  
Executive Vice President,  
Chief Financial Officer,  
Treasurer and Assistant Secretary

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## EXHIBIT INDEX

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**CHECKFREE CORPORATION**  
**AMENDED AND RESTATED**  
**2002 STOCK INCENTIVE PLAN**

**1. Purpose of the Plan.** This plan (the “Plan”) is intended as an incentive to further the growth and profitability of the Company and to encourage stock ownership on the part of (a) associates of the Company and its Affiliates, (b) consultants and advisers who provide significant services to the Company and its Affiliates, and (c) directors of the Company who are not associates of the Company. By encouraging such stock ownership, the Company seeks to attract, retain, and motivate Associates, Consultants, and Directors with training, experience, and ability. All management and Associates, Consultants and Directors of the Company are eligible to receive Awards under the Plan.

**2. Effective Date.** The Plan shall become effective on November 6, 2002 (the “Effective Date”), subject to ratification by an affirmative vote of the holders of a majority of the Shares which are present, in person or by proxy, and entitled to vote at the 2002 Annual Meeting of Stockholders.

**3. Administration.**

**3.01. Administration of the Plan.** The Plan shall be administered by a Committee of the Board. If any class of equity securities of the Company is registered under section 12 of the Exchange Act, all members of the Committee will be “non-employee directors” as defined in Rule 16b-3(b)(2)(i) promulgated under the Exchange Act (or any successor rule of like tenor and effect) and “outside directors” as defined in section 162(m) of the Code and the regulations promulgated thereunder.

**3.02. Authority of the Committee.** It shall be the duty of the Committee to administer the Plan in accordance with the Plan’s provisions. Subject to the provisions of the Plan, the Committee is authorized to establish, amend and rescind such rules and regulations as it may deem appropriate for its conduct and for the proper administration of the Plan, to make all determinations under and interpretations of, and to take such actions in connection with, the Plan or the Awards granted thereunder as it may deem necessary or advisable, including, but not limited to, the power to (a) determine which Associates and Consultants shall be granted Awards, (b) prescribe the terms and conditions of the Awards (other than the Options and Restricted Stock granted to Non-Employee Directors pursuant to Section 9), (c) interpret the Plan and the Awards, (d) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Associates, Consultants and Directors who are foreign nationals or employed outside of the United States, (e) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and (f) interpret, amend or revoke any such rules. Subject to the terms and provisions of the Plan, the Committee, in its sole discretion, may grant, at any time and from time to time as determined by the Committee, Options, SARs, Restricted Stock, Performance Units, Performance Shares, or a combination thereof.

**3.03. Non-Employee Directors.** Notwithstanding any contrary provision of this Section 3, the Board shall administer Section 9 of the Plan, and the Committee shall exercise no discretion with respect to Section 9. In the Board’s administration of Section 9 and the Options, Restricted Stock and any Shares granted to Non-Employee Directors, the Board shall have all of the authority and discretion otherwise granted to the Committee with respect to the administration of the Plan.

**3.04. Decisions Binding.** All actions, determinations and decisions made by the Committee pursuant to the provisions of the Plan shall be final, conclusive, and binding on all persons, and shall be given the maximum deference permitted by law. No member of the Committee shall be liable for any action taken or determination made relating to the Plan, except for gross negligence or willful misconduct.

**3.05. Delegation by the Committee.** The Committee, in its sole discretion and on such terms and conditions as it may provide, may delegate all or any part of its authority and powers under the Plan to one or more directors or officers of the Company; provided, however, that the Committee may not delegate its authority and powers (a) with respect to Section 16 Persons, or (b) in any way which would jeopardize the Plan's qualification under Section 162(m) of the Code or Rule 16b-3 of the Exchange Act.

**3.06. Indemnification.** Each member of the Committee shall be indemnified by the Company against costs, expenses and liabilities (other than amounts paid in settlements to which the Company does not consent, which consent shall not be unreasonably withheld) reasonably incurred by such member in connection with any action taken in relation to the Plan to which he or she may be a party by reason of service as a member of the Committee, except in relation to matters as to which he or she shall be adjudged in such action to be personally guilty of gross negligence or willful misconduct in the performance of his or her duties. The foregoing right to indemnification shall be in addition to such other rights as the Committee member may enjoy as a matter of law, by reason of insurance coverage of any kind, or otherwise.

#### **4. Stock Subject to Plan.**

**4.01. Number of Shares.** The stock subject to Awards under the Plan shall be shares of the common stock, \$.01 par value, of CheckFree Corporation (the "Shares"). The Shares issued pursuant to Awards granted under the Plan may be authorized and unissued Shares, Shares purchased on the open market or in a private transaction, Shares held as treasury stock, or Shares which remain available for future awards under the Company's 1995 Stock Option Plan, as amended, as of the Effective Date of this Plan (including Shares represented by awards under the Company's 1995 Stock Option Plan which are forfeited, expire, cancelled without delivery of shares, or otherwise result in return of Shares to the Company). The aggregate number of Shares for which Awards may be granted under the Plan shall not exceed 6,000,000 Shares, subject to adjustment in accordance with the terms of Section 4.04 hereof.

**4.02. Lapsed Awards.** Any Shares subject to an Award which for any reason expires or is terminated unexercised as to such Shares and any Shares reacquired by the Company pursuant to any forfeiture hereunder may again be the subject of an Award under the Plan.

**4.03. Exercise; Proceeds.** The Committee, in its sole discretion, may permit the exercise or issuance of any Award as to full Shares or fractional Shares. Proceeds from the sale of Shares under Awards shall constitute general funds of the Company.

#### **4.04. Stock Splits; Mergers; Reorganizations**

- (a) In the event of a stock split, stock dividend, combination or exchange of shares, exchange for other securities, reclassification, reorganization, redesignation or other change in the Company's capitalization, the aggregate number of Shares for which Awards may be granted under this Plan, the number of Shares subject to outstanding Awards and the Exercise Price of the Shares subject to outstanding Options shall be proportionately adjusted or substituted to reflect the same. The Committee shall make such other adjustments to the Awards, the provisions of the Plan and the Awards Agreements, which adjustments may provide for the elimination of fractional Shares.
- (b) In the event of a change of the Company's common stock resulting from a merger or similar reorganization as to which the Company is the surviving corporation, the number and kind of Shares which thereafter may be purchased pursuant to an Award under the Plan and the number and kind of Shares then subject to Options granted hereunder and the price per Share thereof shall be appropriately adjusted in such manner as the Committee may deem equitable to prevent dilution or enlargement of the rights available or granted hereunder.

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## **5. Stock Options.**

**5.01. Grant of Options.** Subject to the terms and provisions of the Plan, Options may be granted to Associates and Consultants at any time and from time to time as determined by the Committee in its sole discretion. The Committee, in its sole discretion, shall determine the number of Shares subject to each Option. The Committee may grant Incentive Stock Options, Nonqualified Stock Options, or a combination thereof. More than one Option may be granted to an individual under the Plan.

### **5.02. Award Agreement**

- (a) Each Option shall be evidenced by an Award Agreement that shall specify the Exercise Price, the expiration date of the Option, the number of Shares to which the Option pertains, any conditions to exercise of the Option, and such other terms and conditions as the Committee, in its discretion, shall determine. The Award Agreement shall specify whether the Option is intended to be an Incentive Stock Option or a Nonqualified Stock Option.
- (b) The Committee may grant Options having terms and provisions which vary from those specified in the Plan if such Options are granted in substitution for, or in connection with the assumption of, existing options granted by another corporation and assumed or otherwise agreed to be provided for by the Company pursuant to or by reason of a transaction involving a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation to which the Company is a party.

**5.03. Exercise Price.** Subject to the provisions of this Section 5.03, the Exercise Price for each Option granted under the Plan shall be determined by the Committee in its sole discretion.

**5.03.1. Fair Market Value.** The Exercise Price of any Option granted under the Plan shall be not less than the Fair Market Value of a Share on the Grant Date.

**5.03.2. Incentive Stock Options.** In the case of an Incentive Stock Option, no Incentive Stock Option may be granted to an Associate (together with persons whose stock ownership is attributed to the Associate pursuant to section 424(d) of the Code) who, on the Grant Date, is considered under Section 422(b)(6) of the Code to own stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its Parent or any Subsidiary corporation; provided, however, this restriction shall not apply if at the time such Incentive Stock Option is granted the Exercise Price of such Incentive Stock Option shall be at least 110% of the Fair Market Value of such Share.

**5.03.3. Substitute Options.** Notwithstanding the provisions of Sections 5.03.1 and 5.03.2, in the event that the Company or an Affiliate consummates a transaction described in section 424(a) of the Code (e.g., the acquisition of property or stock from an unrelated corporation), persons who become Associates or Consultants on account of such transaction may be granted Options in substitution for options granted by their former employer. If such substitute Options are granted, the Committee, in its sole discretion and consistent with section 424(a) of the Code, shall determine the exercise price of such substitute Options.

### **5.04. Expiration of Options.**

**5.04.1. Expiration Dates.** Each Option shall terminate no later than the first to occur of the following events:

- (a) The date for termination of the Option set forth in the written Award Agreement;
- (b) The expiration of ten (10) years from the Grant Date (except as provided in Section 5.08.4 regarding Incentive Stock Options);



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- (c) Upon Termination of Service For Cause;
  - (d) The expiration of thirty (30) days from the date and time of the Participant's Termination of Service for a reason other than the Participant's death, Disability, or Retirement, or Termination of Service For Cause, unless the Committee in its sole discretion elects to extend the exercisability of an Option to not more than three (3) months from Termination of Service;
  - (e) The expiration of one (1) year from the date of the Participant's death or the Participant's Termination of Service by reason of death or Disability (except as provided in Section 5.08.2 regarding Incentive Stock Options);
  - (f) The expiration of three (3) years from the date of the Participant's Termination of Service by reason of Retirement (except as provided in Section 5.08.2 regarding Incentive Stock Options); or
  - (g) Upon the Committee's determination that, after a Participant's Termination of Service, the Participant engages or engaged in employment or activities contrary, in the sole opinion of the Committee, to the best interests of the Company.

**5.04.2. Committee Discretion.** Subject to the limits of Sections 5.04.1, the Committee, in its sole discretion, (a) shall provide in each Award Agreement when each Option expires and becomes unexercisable, and (b) may, after an Option is granted, extend the maximum term of the Option (subject to Section 5.08.4 regarding Incentive Stock Options).

**5.05. Exercisability of Options.** Options granted under the Plan will be exercisable at such times and be subject to such terms and conditions as the Committee shall determine in its sole discretion. After an Option is granted, the Committee, in its sole discretion, may accelerate the exercisability of the Option. In no event, however, may any Option granted to a Section 16 Person be exercisable until at least six (6) months following the Grant Date.

**5.06. Payment.** Options shall be exercised by the Participant's delivery of a written notice of exercise to the Company's Chief Financial Officer or any other officer of the Company designated by the Committee to accept such notices on its behalf, specifying the number of Shares for which it is exercised.

On the date of exercise of an Option, the Participant or other person exercising the Option shall make full payment of the Exercise Price (a) in cash; (b) with the consent of the Committee, by tendering previously acquired Shares which have been held by the Participant for at least six months (valued at their Fair Market Value as of the date of tender); (c) with the consent of the Committee, and to the extent permitted by applicable law, with a full recourse promissory note of the Participant for the portion of the Exercise Price in excess of the par value of Shares subject to the Option, under terms and conditions determined by the Committee and in cash for the par value of the Shares; (d) by any other means which the Committee, in its sole discretion, determines to both provide legal consideration for the Shares, and to be consistent with the purposes of the Plan (e) with the consent of the Committee, any combination of (a), (b), (c), or (d); or (f) with the consent of the Committee, if the Shares subject to the Option have been registered under the Securities Act, and there is a regular public market for the Shares, by delivering to the Company on the date of exercise of the Option written notice of exercise together with:

- (i) written instructions to forward a copy of such notice of exercise to a broker or dealer as defined in Section 3(a)(4) and 3(a)(5) of the Exchange Act, and designated in such notice ("Broker"), and to deliver to the specified account maintained with the Broker by the person exercising the Option a certificate for the Shares purchased upon the exercise of the Option, and
- (ii) a copy of irrevocable instructions to the Broker to deliver promptly to the Company a sum equal to the purchase price of the Shares purchased upon exercise of the Option.

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If previously acquired Shares are to be used to pay the Exercise Price of an Incentive Stock Option, the Company prior to such payment must be furnished with evidence satisfactory to it that the acquisition of such Shares and their transfer in payment of the exercise price satisfy the requirements of Section 422 of the Code and other applicable laws.

As soon as practicable after receipt of a written notification of exercise and full payment for the Shares purchased, the Company shall deliver to the Participant (or the Participant's designated broker), Share certificates (which may be in book entry form) representing such Shares.

**5.07. Restrictions on Share Transferability.** The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable, including, but not limited to, restrictions related to applicable federal securities laws, the requirements of the Nasdaq Stock Market or any national securities exchange or system upon which Shares are then listed or traded, or any blue sky or state securities laws.

**5.08. Certain Additional Provisions for Incentive Stock Options.** Notwithstanding anything to the contrary contained in this Section 5, the following provisions shall apply to any Incentive Stock Option granted pursuant to the Plan.

**5.08.1. Exercisability.** The aggregate Fair Market Value (determined on the Grant Date(s)) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Associate during any calendar year (under all plans of the Company and its Subsidiaries) shall not exceed \$100,000. If an Incentive Stock Option which exceeds the \$100,000 limitation of this Section 5.08.1 is granted, the portion of such Option which is exercisable for Shares in excess of the \$100,000 limitation shall be treated as a Nonqualified Stock Option pursuant to Section 422(d) of the Code. Except as otherwise expressly provided in the immediately preceding sentence, this Section 5.08.1 has no application to Options granted under the Plan as Nonqualified Stock Options.

**5.08.2. Termination of Service.** No Incentive Stock Option may be exercised more than three (3) months after the Participant's Termination of Service for any reason other than Disability or death, unless (a) the Participant dies during such three-month period, or (b) the Award Agreement or the Committee permits later exercise, in which case the Incentive Stock Option shall be deemed a Nonqualified Stock Option.

**5.08.3. Company and Subsidiaries Only.** Incentive Stock Options may be granted only to persons who are Associates of the Company or a Subsidiary on the Grant Date.

**5.08.4. Expiration.** No Incentive Stock Option may be exercised after the expiration of ten (10) years from the Grant Date; provided, however, that if the Option is granted to an Associate who, together with persons whose stock ownership is attributed to the Associate pursuant to section 424(d) of the Code, owns stock possessing more than 10% of the total combined voting power of all classes of the stock of the Company or any of its Subsidiaries, the Option may not be exercised after the expiration of five (5) years from the Grant Date.

**5.09. Special Vesting Rule for Death and Disability.** Unless and until an Option is earlier terminated pursuant to Section 5.04, the time elapsed from the date of death or the date of a Participant's Termination of Service by reason of a Participant's Disability to the date of an exercise of an Option shall accrue toward any vesting requirements in the Award Agreement evidencing such Option as if the Participant had remained employed by the Company.

**5.10. Special Rule for Retirement.** Unless and until an Option is earlier terminated pursuant to Section 5.04, the time elapsed from the date of a Participant's Termination of Service by reason of a Participant's Retirement to the date of an exercise of an Option shall accrue toward any vesting requirements in the Award Agreement evidencing such Option as if the Participant had remained employed by the Company; provided, however, notwithstanding the foregoing, at the time of the exercise of an Option by a Participant following Termination of Service by reason of Retirement, the Participant must represent and warrant to the Company that he or she has been in material compliance with the terms and conditions of the Retirement Agreement with the Company; and provided, further, that in the event the Participant violates the Retirement Agreement, all of the

Participant's unexercised Options shall immediately terminate and the Participant shall return to the Company the economic value of any Option which was realized or obtained (measured at the date of exercise) by the Participant after the violation of the Retirement Agreement.

## **6. Stock Appreciation Rights.**

### **6.01. Grant of SARs; Exercise Price and Other Terms**

- (a) Subject to the terms and conditions of the Plan, an SAR may be granted to Associates and Consultants at any time and from time to time as shall be determined by the Committee, in its sole discretion. The Committee may grant Affiliated SARs, Freestanding SARs, Tandem SARs, or any combination thereof. The Committee shall have complete discretion to determine the number of SARs granted to any Participant.
- (b) The Committee, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan. However, the exercise price of a Freestanding SAR shall be not less than the Fair Market Value of a Share on the Grant Date. The exercise price of Tandem or Affiliated SARs shall equal the Exercise Price of the related Option. In no event shall an SAR granted to a Section 16 Person become exercisable until at least six (6) months after the Grant Date (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3).

**6.02. Exercise of Tandem SARs.** Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable. With respect to a Tandem SAR granted in connection with an Incentive Stock Option: (a) the Tandem SAR shall expire no later than the expiration of the underlying Incentive Stock Option; (b) the value of the payout with respect to the Tandem SAR shall be for no more than one hundred percent (100%) of the difference between the Exercise Price of the underlying Incentive Stock Option and the Fair Market Value of the Shares subject to the underlying Incentive Stock Option at the time the Tandem SAR is exercised; and (c) the Tandem SAR shall be exercisable only when the Fair Market Value of the Shares subject to the Incentive Stock Option exceeds the Exercise Price of the Incentive Stock Option.

**6.03. Exercise of Freestanding SARs.** Freestanding SARs shall be exercisable on such terms and conditions as the Committee, in its sole discretion, shall determine. However, no SAR granted to a Section 16 Person shall be exercisable until at least six (6) months after the Grant Date (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3).

**6.04. SAR Agreement.** Each SAR grant shall be evidenced by an Award Agreement that shall specify the exercise price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

**6.05. Expiration of SARs.** An SAR granted under the Plan shall expire upon the date determined by the Committee, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 5.04 also shall apply to SARs.

**6.06. Payment of SAR Amount.** Upon exercise of an SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, payment for an SAR may be in cash, Shares or a combination thereof.

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## **7. Restricted Stock.**

**7.01. Grant of Restricted Stock.** Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Associates and Consultants in such amounts as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Shares to be granted to each Participant.

**7.02. Restricted Stock Agreement.** Each Award of Restricted Stock shall be evidenced by an Award Agreement that shall specify the Period of Restriction, the number of Shares granted, any price to be paid for the Shares, and such other terms and conditions as the Committee, in its sole discretion, shall determine. Unless the Committee determines otherwise, Shares of Restricted Stock shall be held by the Company as escrow agent until the restrictions on such Shares have lapsed.

**7.03. Transferability.** Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction. In no event may the restrictions on Restricted Stock granted to a Section 16 Person lapse prior to six (6) months following the Grant Date.

**7.04. Other Restrictions.** The Committee, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate, in accordance with this Section 7.04. For example, the Committee may set restrictions based upon the achievement of specific performance objectives (Company-wide, divisional, or individual), applicable Federal or state securities laws, or any other basis determined by the Committee in its discretion. The Committee, in its discretion, may legend the certificates representing Restricted Stock to give appropriate notice of the restrictions applicable to such Shares.

**7.05. Removal of Restrictions.** Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan shall be released from escrow as soon as practicable after the last day of the Period of Restriction. The Committee, in its discretion, may accelerate the time at which any restrictions shall lapse, and remove any restrictions; provided, however, that the Period of Restriction on Shares granted to a Section 16 Person may not lapse until at least six (6) months after the Grant Date. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends under Section 7.04 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant.

**7.06. Voting Rights.** During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless otherwise provided in the Award Agreement.

**7.07. Dividends and Other Distributions.** During the Period of Restriction, Participants holding Shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement. If any such dividends or distributions are paid in Shares, the Shares shall be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid. With respect to Restricted Stock granted to a Section 16 Person, any dividend or distribution that constitutes a "derivative security" or an "equity security" under Section 16 of the Exchange Act shall be subject to a Period of Restriction equal to the longer of: (a) the remaining Period of Restriction on the Shares of Restricted Stock with respect to which the dividend or distribution is paid; or (b) six (6) months.

**7.08. Return of Restricted Stock to Company.** On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed shall revert to the Company and again shall become available for grant under the Plan.

## **8. Performance Units and Performance Shares.**

**8.01. Grant of Performance Units/Shares.** Performance Units and Performance Shares may be granted to Associates and Consultants at any time and from time to time, as shall be determined by the Committee, in its sole discretion. The Committee shall have complete discretion in determining the number of Performance Units and Performance Shares granted to any Participant.

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**8.02. Initial Value.** Each Performance Unit shall have an initial value that is established by the Committee on or before the Grant Date. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Grant Date.

**8.03. Performance Objectives and Other Terms** The Committee shall set performance objectives in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units or Shares that will be paid out to the Participants. The Committee may set performance objectives based upon the achievement of Company-wide, divisional, or individual goals, or any other basis determined by the Committee in its discretion. The time period during which the performance objectives must be met shall be called the "Performance Period". Performance Periods of Awards granted to Section 16 Persons shall exceed six (6) months in length (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3). Each Award of Performance Units/Shares shall be evidenced by an Award Agreement that shall specify the Performance Period, and such other terms and conditions as the Committee, in its sole discretion, shall determine. The determination of whether performance objectives have been achieved shall be in the sole discretion of the Committee.

**8.04. Earning of Performance Units and Performance Shares.** After the applicable Performance Period has ended, the Participant shall be entitled to receive a payout of the number of Performance Units or Shares earned during the Performance Period, depending upon the extent to which the applicable performance objectives have been achieved. After the grant of a Performance Unit or Share, the Committee, in its sole discretion, may reduce or waive any performance objectives for Award; provided that Performance Periods of Awards granted to Section 16 Persons shall not be less than six (6) months (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3).

**8.05. Form and Timing of Payment.** Payment of earned Performance Units or Performance Shares shall be made as soon as practicable after the expiration of the applicable Performance Period, but in no event later than the 15th day of the third month after the end of the later of the Company's or the Participant's taxable year in which the Performance Shares or Performance Units vest. The Committee, in its sole discretion, may pay earned Performance Units or Performance Shares in cash, Shares or a combination thereof.

**8.06. Cancellation.** On the date set forth in the Award Agreement, all unearned or unvested Performance Units or Performance Shares shall be forfeited to the Company, and again shall be available for grant under the Plan.

## **9. Non-Employee Directors.**

**9.01. Granting of Options.** If any class of equity securities of the Company is registered under Section 12 of the Exchange Act, the Board, in its sole discretion, will determine from time to time the number of Nonqualified Stock Options each Non-Employee Director will receive under the Plan. Future grants will cease and be suspended at any time that there are not sufficient Shares available under the Plan.

### **9.02. Terms of Options.**

**9.02.1. Option Agreement.** Each Option granted pursuant to this Section 9 shall be evidenced by a written stock option agreement which shall be executed by the Participant and the Company.

**9.02.2. Exercise Price.** The Exercise Price for the Shares subject to each Option granted pursuant to this Section 9 shall be 100% of the Fair Market Value of such Shares on the Grant Date.

**9.02.3. Exercisability.** Each Option granted pursuant to this Section 9 shall become exercisable in full one year after the date the Option is granted. If a Non-Employee Director incurs a Termination of Service for a reason other than Retirement, death or Disability, his or her Options which are not exercisable on the date of such Termination shall never become exercisable. If the Termination of Service is on account of Retirement, death or Disability, the Option shall become exercisable in full on the date of the Termination of Service.

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**9.02.4. Expiration of Options.** Each Option shall terminate upon the first to occur of the following events:

- (a) The expiration of ten (10) years from the Grant Date;
- (b) The expiration of thirty (30) days from the date and time of the Participant's Termination of Service for a reason other than death, Disability or Retirement, unless the Committee in its sole discretion elects to extend the exercisability of an Option to not more than three (3) months from Termination of Service;
- (c) The expiration of one (1) year from the date of the Participant's death or Termination of Service by reason of death or Disability; or
- (d) The expiration of three (3) years from the date of the Participant's Termination of Service by reason of Retirement.

**9.02.5. Death of Director.** Notwithstanding Section 9.02.4, if a Director dies prior to the expiration of his or her options in accordance with Section 9.02.4, his or her options shall terminate one (1) year after the date of his or her death.

**9.02.6. Special Rule for Retirement.** Notwithstanding the provisions of Section 9.02.4, if the exercisability of an Option is accelerated under Section 9.02.3 on account of the Participant's Retirement, such Option shall terminate upon the first to occur of: (a) the expiration of three (3) years from the date the Option was granted; or (b) the expiration of one year from the date of the Participant's death.

**9.02.7. Not Incentive Stock Options.** Options granted pursuant to this Section 9 shall not be designated as Incentive Stock Options.

**9.02.8. Other Terms.** All provisions of the Plan not inconsistent with this Section 9 shall apply to Options granted to Non-Employee Directors; provided, however, that Section 5.02 (relating to the Committee's discretion to set the terms and conditions of Options) shall be inapplicable with respect to Non-Employee Directors.

**9.03. Elections by Non-Employee Directors.**

**9.03.1. Election to Receive Cash or Shares.** Pursuant to such procedures as the Board (in its discretion) may adopt from time to time, each Non-Employee Director may elect to forego receipt of all or a portion of committee fees and meeting fees otherwise due to the Non-Employee Director in exchange for Shares. The number of Shares received by any Non-Employee Director shall equal the amount of foregone compensation divided by the Fair Market Value of a Share on the date that the compensation otherwise would have been paid to the Non-Employee Director, rounded up to the nearest whole number of Shares. The procedures adopted by the Board for elections under this Section 9.03 shall be designed to ensure that any such election by a Non-Employee Director will not disqualify him or her as a "non-employee director" under Rule 16b-3.

**9.03.2. Election to Defer Receipt of Shares.** Each Non-Employee Director who elected, in accordance with Section 9.03.1 of this Plan, to receive committee fees and meeting fees in the form of shares may also elect to receive such shares as soon as practicable after the date such fees are otherwise payable or defer receipt of the shares until the date the Non-Employee Director's service on the Board terminates for any reason. If the Non-Employee Director makes such a deferral election, the shares shall be paid no later than the 15th day of the third month after the end of the later of the Company's or the Non-Employee Director's taxable year in which the termination of Board service occurs. Such a deferral election also shall be made pursuant to the procedures the Board (in its discretion) may adopt from time to time and by completing and delivering an election form (the "Election Form") to the Company. An Election Form effective for a calendar year shall be delivered to the Company

prior to the first day of such calendar year unless otherwise provided by Section 409A of the Code, and shall be irrevocable for that calendar year. An Election Form shall remain in effect for subsequent calendar years until a written notice to revise the Election Form is delivered to the Company on or before the first day of the calendar year in which the revision is to become effective. Except as provided below, an initial Election Form or a revised Election Form shall apply only to fees otherwise payable to the Non-Employee Director after the end of the calendar year in which such initial or revised Election Form is delivered to the Company. Notwithstanding the foregoing, an election made by a Non-Employee Director in the calendar year in which such Non-Employee Director first becomes eligible to defer his or her fees and otherwise participate in this Plan, may be made pursuant to an Election Form delivered to the Company within 30 days after the date on which the Non-Employee Director initially becomes eligible to defer such Director Fees and otherwise participate in the Plan. Such Election Form shall be effective with respect to fees earned after the date such Election Form is delivered to the Company.

**9.04. Restricted Stock.** Subject to the terms and conditions of the Plan, the Board, at any time and from time to time, may grant Shares of Restricted Stock to Non-Employee Directors in such amounts as the Board, in its sole discretion, shall determine. The Board, in its sole discretion, shall determine the number of Shares to be granted to each Non-Employee Director. Awards of Restricted Stock to Non-Employee Directors shall be subject to the provisions of Section 7 of this Plan; provided, however, that the Board shall have all of the authority and discretion otherwise granted to the Committee with respect to the administration of Section 7 regarding Non-Employee Directors only.

**10. Section 162(m) Deduction Qualification.** Except as otherwise provided in Section 10.05, the provisions of this Section 10 shall apply only to Awards of Covered Officers.

**10.01. Awards for Covered Officers.** Any other provision of the Plan notwithstanding, all Awards to Covered Officers shall be made in a manner that allows for the full deductibility of the Award by the Company or its Subsidiaries under Section 162(m) of the Code; unless the Committee determines that compliance with Section 162(m) of the Code is not desired with respect to any specified Award or Awards. In addition, if changes are made to Code Section 162(m) to permit greater flexibility with respect to any Award or Awards available under the Plan, the Committee may make adjustments as it deems appropriate. All Awards for Covered Officers shall comply with the provisions of this Section 10.

**10.02. Designation of Covered Officers.** For each Performance Period, the Committee will designate which Participants are Covered Officers within 90 days of the beginning of the Performance Period (or such earlier or later date as is permitted or required by Section 162(m) of the Code).

**10.03. Establishment of Performance Goals and Awards for Covered Officers.** Within 90 days of the beginning of a Performance Period (or such earlier or later date as is permitted or required by Section 162(m) of the Code), the Committee shall in its sole discretion, for each such Performance Period: (a) determine and establish in writing one or more Performance Goals applicable to the Performance Period for each Covered Officer; and (b) either (i) assign each Covered Officer a target Award expressed as a fixed number of Shares or a whole dollar amount or (ii) establish a payout table or formula for purposes of determining the Award payable to each Covered Officer. Each payout table or formula: (a) shall be in writing; (b) shall be based on a comparison of actual performance to the Performance Goals; (c) may include a "floor" which is the level of achievement of the Performance Goal in which payout begins; and (d) shall provide for an actual Award equal to, less than or greater than the Covered Officer's target Award, depending on the extent to which actual performance approached, reached, or exceeded the Performance Goal. Such pre-established Performance Goals and Awards must state, in terms of an objective formula or standard, the method for computing the amount of the Award payable to each Covered Officer if the Performance Goal is met. A formula or standard is objective if a third party having knowledge of the relevant performance results could calculate the amount to be paid to the Covered Officer. The Committee may from time to time establish any number of Performance Periods, Performance Goals and Awards for any Covered Officer running concurrently, in whole or in part, provided, that in so doing the Committee does not jeopardize the Company's deduction for such Awards under Section 162(m) of the Code. The Committee may select different Performance Goals and Awards for different Covered Officers.

**10.04. Certification of Achievement of Performance Goals and Amount of Awards.** After the end of each Performance Period, or such earlier date if the Performance Goals are achieved (and such date otherwise

complies with Section 162(m) of the Code), the Committee shall certify in writing, prior to the unconditional payment of any Award, that the Performance Goals for the Performance Period and all other material terms of the Plan were satisfied and to what extent they were satisfied. The Committee shall determine the actual Award for each Covered Officer based on the payout table/formula established in Section 10.03, as the case may be. Extraordinary Events shall either be excluded or included in determining the extent to which the corresponding Performance Goal has been achieved, whichever will produce the higher Award; provided, however, notwithstanding the attainment of specified Performance Goals, the Committee has the discretion to reduce or eliminate an Award that would otherwise be paid to any Participant, including any Covered Officer, based on the Committee's evaluation of Extraordinary Events or other factors. Without limiting the manner of computing Awards set forth in the preceding sentence, with respect to Covered Officers, the Committee may not under any circumstances increase the amount of an Award.

**10.05. Maximum Award.** Any other provision of the Plan notwithstanding, the maximum aggregate Awards payable to any Participant under the Plan during any one or more Performance Periods during a Fiscal Year shall not exceed 500,000 Shares, which maximum number of Shares shall be adjusted pursuant to Section 4.04.

#### **11. Miscellaneous.**

**11.01. Forfeiture.** Notwithstanding anything in the Plan or in any Award Agreement to the contrary, in the event of a breach of conduct by a Participant or former Participant (including, without limitation, any conduct prejudicial to or in conflict with the Company or an Affiliate), or any activity of a Participant or former Participant in competition with any of the businesses of the Company or an Affiliate, the Committee may (a) cancel any outstanding Award granted to the Participant, in whole or in part, whether or not vested, and/or (b) if such conduct or activity occurs within one year following the exercise or payment of an Award, require the former Participant to repay to the Company any gain realized or payment received upon the exercise or payment of such Award (with such gain or repayment valued as of the date of exercise or payment). Such cancellation or repayment obligation shall be effective as of the date specified by the Committee. Any repayment obligation may be satisfied in Shares or cash or a combination thereof (based upon the Fair Market Value of the Shares on the day prior to the date of payment), and the Committee may provide for an offset to any future payments owed by the Company or Affiliate to such individual if necessary to satisfy the repayment obligation. The determination of whether any Participant or former Participant has engaged in a breach of conduct or any activity in competition with any of the businesses of the Company or an Affiliate shall be determined by the Committee in good faith and in its sole discretion.

**11.02. No Contract of Employment.** Nothing in the Plan or in any Award or Award Agreement shall confer on any Participant any right to continue in the employ or service of the Company or any Parent or Subsidiary of the Company or interfere with the right of the Company to terminate such Participant's employment or other services at any time. The establishment of the Plan shall in no way, now or hereafter, reduce, enlarge or modify the employment relationship between the Company or any Parent or Subsidiary of the Company and the Participant. Awards granted under the Plan shall not be affected by any change of duties or position of the Participant with the Company.

**11.03. Participation.** No Associate or Consultant shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

**11.04. Change in Control.** In the event of a Change in Control, all outstanding Awards granted under this Plan shall then be immediately exercisable to the extent of 100% of the Shares subject thereto notwithstanding any contrary waiting or vesting periods specified in this Plan or in any applicable Award Agreement. In addition to the foregoing, the Board of Directors may, in its discretion, accelerate the vesting of Awards granted under the Plan in circumstances that do not constitute a change in control as defined herein.

**11.05. Successors.** All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.



**11.06. Beneficiary Designations.** If permitted by the Committee, a Participant under the Plan may name a beneficiary or beneficiaries to whom any vested but unpaid Award shall be paid in the event of the Participant's death. Each such designation shall revoke all prior designations by the Participant and shall be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate and, subject to the terms of the Plan and of the applicable Award Agreement, any unexercised vested Award may be exercised by the administrator or executor of the Participant's estate.

**11.07. Nontransferability of Awards; Unfunded Plan.** No Award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than (a) by will or the laws of descent and distribution, (b) pursuant to a qualified domestic relations order (as defined in Section 401(a)(13) of the Code or Section 206(d)(3) of the Employee Retirement Income Security Act of 1974, as amended, or (c) to the limited extent provided in Section 11.05; provided that in the case of an Incentive Stock Option, such transfer or assignment may occur only to the extent it will not result in disqualifying such option as an incentive stock option under Section 422 of the Code, or any successor provision. All rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to the Participant or his or her guardian or legal representative. Notwithstanding the foregoing, to the extent provided in the applicable Award Agreement, a Participant may transfer a Nonqualified Stock Option either (i) to members of his or her immediate family (as defined in Rule 16a-1 promulgated under the Exchange Act), to one or more trusts for the benefit of such family members, or to partnerships or other entities in which such family members are the only partners or owners, provided that the Participant does not receive any consideration for the transfer, or (ii) if such transfer is approved by the Committee. If such transfer is permitted under the Award Agreement, any Nonqualified Stock Option held by such transferees are subject to the same terms and conditions that applied to such Nonqualified Stock Options immediately prior to transfer based on the transferor Participant's continuing relationship with the Company. It is intended that the Plan be an "unfunded" plan for incentive compensation. The Plan does not give a Participant any interest, lien or claim against any specific asset of the Company. No Participant or beneficiary shall have any rights under this Plan other than as a general unsecured creditor of the Company.

**11.08. No Rights as Stockholder.** Except to the limited extent provided in Sections 7.06 and 7.07, no Participant (nor any beneficiary) shall have any of the rights or privileges of a stockholder of the Company with respect to any Shares issuable pursuant to an Award (or exercise thereof), unless and until certificates representing such Shares shall have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant (or beneficiary).

**11.09. Agreements and Representations of Optionees.** As a condition to the exercise of an Award, the Committee may, in its sole determination, require the Participant to represent in writing that the Shares being purchased are being purchased only for investment and without any present intent at the time of the acquisition of such Shares to sell or otherwise dispose of the same.

**11.10. Tax Withholding Requirements.**

- (a) The Company's obligation to deliver Shares upon issuance or exercise of an Award shall be subject to the Participant's satisfaction of all applicable federal, state or local tax withholding obligations. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company shall have the power and the right to deduct or withhold from any salary, wages, or other compensation for services payable by the Company to or with respect to a Participant, or require a Participant to remit to the Company, an amount sufficient to satisfy any federal, state, and local withholding tax liability (including the Participant's FICA obligation) attributable to such Participant's (or any beneficiary's or personal representative's) receipt or disposition of Shares purchased or acquired under any Award or to take any such other action as it deems necessary to enable it to satisfy any such tax withholding obligations.
- (b) The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require a Participant to satisfy all or part of the Participant's tax withholding liabilities in connection with an Award by (i) having the Company withhold otherwise deliverable Shares, or (ii) delivering to the Company already-owned Shares having a

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Fair Market Value equal to the amount required to be withheld. The amount of the withholding requirement shall be deemed to include any amount which the Committee determines, not to exceed the amount determined by using the minimum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered shall be determined as of the date that the taxes are required to be withheld.

**11.11. Reserved.**

**11.12. Exchanges.** The Committee may permit the voluntary surrender of all or a portion of any Award granted under the Plan to be conditioned upon the granting to the Participant of a new Award for the same or a different type and number of Shares as the Award surrendered, or may require such voluntary surrender as a condition precedent to a grant of a new Award to such Participant. Subject to the provisions of the Plan, such new Award shall be on such other terms and conditions as are specified by the Committee at the time the new Award is granted. Upon surrender, the Awards surrendered shall be cancelled and the Shares previously subject to them shall be available for the grant of other Awards.

**11.13. Repurchase of Shares by the Company.** Any Shares purchased or acquired upon issuance or exercise of an Award may, in the sole discretion of the Committee, be subject to repurchase by or forfeiture to the Company if and to the extent and at the repurchase price, if any, specifically set forth in the Award Agreement pursuant to which the Shares were purchased or acquired. Certificates representing Shares subject to such repurchase or forfeiture may be subject to such escrow and stock legend provisions as may be set forth in the Award Agreement pursuant to which the Shares were purchased or acquired.

**11.14. Sale of Option Shares.** If any class of equity securities of the Company is registered pursuant to Section 12 of the Exchange Act, any Participant or other person exercising or acquiring the Award who is a Section 16 Person shall not sell or otherwise dispose of the Shares subject to the Award unless at least six months have elapsed from the date of grant of the Award.

**11.15. Confidentiality Agreements.** Upon the Company's request, each Participant shall execute, prior to or contemporaneously with the grant of any Award hereunder, the Company's then current standard form of agreement relating to nondisclosure of confidential information, noncompetition and/or assignment of inventions and related matters.

**11.16. Compliance with Laws and Regulations.** The Plan, the grant, issuance, and exercise of Awards thereunder, and the obligation of the Company to sell and deliver the Shares under such Awards, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. Awards issued under the Plan shall not be exercisable prior to (a) the date upon which the Company shall have registered the Shares for which Awards may be issued hereunder under the Securities Act, and (b) the completion of any registration or qualification of such Shares under state law, or any ruling or regulation of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable in connection therewith, or alternatively, unless the Company shall have received an opinion from counsel to the Company stating that the grant, issuance, or exercise of such Awards may be effected without registering the Shares subject to such Awards under the Securities Act, or under state or other law.

**11.17. Expenses.** All expenses and costs in connection with administration of the Plan shall be borne by the Company.

**11.18. Limitation of Liability.** The liability of the Company and its Affiliates under this Plan or in connection with any grant, issuance, or exercise of an Award is limited to the obligations expressly set forth in the Plan and in any Award Agreements, and no term or provision of this Plan or of any Award Agreements shall be construed to impose any further or additional duties, obligations or costs on the Company and its Affiliates not expressly set forth in the Plan or the Award Agreements.

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## **12. Amendment, Termination, and Duration.**

**12.01 Amendment, Suspension, or Termination.** The Committee may amend, modify, or terminate the Plan at any time without further action on the part of the stockholders of the Company; provided, however, that (a) in no event shall any amendment be made to the Plan which would cause the Incentive Stock Option granted hereunder to fail to qualify as incentive stock options under the Code; (b) any amendment to the Plan which requires the approval of the stockholders of the Company under the Code or the regulations promulgated thereunder shall be subject to approval by the stockholders of the Company in accordance with the Code or such regulations; and (c) any amendment to the Plan which requires the approval of the stockholders of the Company under any rules promulgated under the Exchange Act shall be subject to the approval of the stockholders of the Company in accordance with such rules. In addition, as required by Rule 16b-3 of the Exchange Act, the provisions of Section 9 regarding the formula for determining the amount, exercise price, and timing of Non-Employee Director Options shall in no event be amended more than once every six (6) months, other than to comport with changes in the Code. No amendment, modification, suspension, or termination of the Plan shall in any manner adversely affect any Award previously granted to a Participant under the Plan without the consent of the Participant or the transferee of such Award. No Award may be granted during any period of suspension or after termination of the Plan.

With the consent of the Participant affected, the Committee may amend outstanding Awards or related agreements in a manner not inconsistent with the Plan. The Committee shall have the right to amend or modify the terms and provisions of the Plan and of any outstanding Incentive Stock Options granted under the Plan to the extent necessary to qualify any or all such Incentive Stock Options for such favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422 of the Code. Notwithstanding any provision of this Plan to the contrary, if the Committee determines that any Award may not comply with Section 409A of the Code or may not be exempt from coverage under Section 409A of the Code, the Committee may amend the Plan and any affected Award Agreement, or take any other action, without the Participant's consent, that the Committee believes necessary or appropriate to (1) exempt the Plan and any Award from coverage under Section 409A of the Code, or (2) comply with the requirements of Section 409A of the Code.

**12.02. Term of the Plan.** The Plan shall become effective on the Effective Date, subject to the approval of the Plan by the holders of a majority of the shares of common stock of the Company entitled to vote on, or within twelve months of, the date of the Plan's adoption by the Board, and all Awards granted prior to such approval shall be subject to such approval. The Plan shall terminate on the tenth anniversary of the Effective Date, or such earlier date as may be determined by the Board. Termination of the Plan, however, shall not affect the rights of Participants under Awards previously granted to them, and all unexpired Awards shall continue in force and operation after termination of the Plan except as they may lapse or be terminated by their own terms and conditions.

**13. Definitions.** As used in this Plan, the following words and phrases shall have the meanings indicated unless a different meaning is plainly required by the context:

**13.01. Affiliate.** "Affiliate" means any corporation or any other entity (including, but not limited to, partnerships, limited liability corporations and joint ventures) controlling, controlled by, or under common control with the Company.

**13.02. Affiliated SAR.** "Affiliated SAR" means an SAR that is granted in connection with a related Option, and which automatically will be deemed to be exercised at the same time that the related Option is exercised. The deemed exercise of an Affiliated SAR shall not necessitate a reduction in the number of Shares subject to the related Option, except to the extent of the exercise of the related Option.

**13.03. Associate.** "Associate" means any officer, management or associate of the Company or of an Affiliate, whether such associate is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.

**13.04. Award.** "Award" means, individually or collectively, a grant under the Plan of Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Performance Units, or Performance Shares.

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**13.05. Award Agreement.** “Award Agreement” means the written agreement setting forth the terms and provisions applicable to each Award granted under the Plan.

**13.06. Board.** “Board” means the Board of Directors of the Company.

**13.07. Change in Control.** “Change in Control” of the Company shall be deemed to have occurred if, as a result of a tender offer, merger, consolidation, sale of assets or contested election, or any combination of the foregoing transactions (a “Transaction”), the persons who were directors of the Company immediately before the Transaction shall cease to constitute a majority of the Board or of any successor to the Company; provided, however, that any Transaction shall not be deemed to be a change in control if the Transaction causing such change shall have been approved by the affirmative vote of at least a majority of the members of the Board in office immediately prior to the change in control.

**13.08. Code.** “Code” means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

**13.09. Committee.** “Committee” means the committee appointed by the Board (pursuant to Section 3.01) to administer the Plan.

**13.10. Company.** “Company” means CheckFree Corporation, a Delaware corporation, and any current or future Subsidiary or Parent thereof.

**13.11. Consultant.** “Consultant” means any consultant, adviser, independent contractor, or other person who provides significant services to the Company or its Affiliates, but who is neither an Associate nor a Director.

**13.12. Covered Officers.** “Covered Officers” means those Participants who the Committee designates, for each Performance Period, in order to maintain qualified performance-based compensation within the meaning of Code Section 162(m).

**13.13. Director.** “Director” means any individual who is a member of the Board.

**13.14. Disability.** “Disability” means any injury of the body or any disorder of the body or mind which renders the Participant unable to perform the material and substantial duties of his regular employment by the Company at the time of the Company’s termination of employment by the Company. The Company’s determination that a termination of employment was not a Disability related Termination of Service may be disputed by the Participant for purposes of any Award held by the Participant under this Plan upon written notice to the Company’s Chief Financial Officer within 30 days after termination of employment. If so disputed, the Company will promptly select a physician, the Participant will promptly select a physician, and the physicians so selected will select a third physician (“Independent Physician”) who will make a binding determination of Disability for purposes of this Plan. The Participant will make himself available for and submit to examinations by such physicians as may be directed by the Company. Failure of the Participant to submit to any examination or failure of the Independent Physician to make his determination within 90 days after the date of the notice that the Participant disputed the Company’s determination shall constitute acceptance of the Company’s determination as to Disability. If the decision of the Independent Physician upholds the Company’s determination, any outstanding Award held by the Participant shall be exercisable for 30 days from the date of such decision (but not later than the expiration of the date of the Award Agreement) to the extent that the Award was exercisable on the date of the Participant’s termination of employment and thereafter the Award shall terminate.

**13.15. Exchange Act.** “Exchange Act” means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the Exchange Act or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

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**13.16. Exercise Price.** “Exercise Price” means the price at which a Share may be purchased by a Participant pursuant to the exercise of an Option.

**13.17. Extraordinary Events.** “Extraordinary Events” shall mean (a) asset write-downs; (b) litigation, claims, judgments, or settlements; (c) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results; (d) accruals for reorganization and restructuring programs; (e) capital gains and losses, (f) special charges in connection with mergers and acquisitions; and (g) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management’s discussion and analysis of financial condition and results of operation appearing or incorporated by reference in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission for the applicable year.

**13.18. Fair Market Value.** If the Shares are publicly traded, the term “Fair Market Value” shall mean (a) the closing price quoted in the Nasdaq Stock Market, if the Shares are so quoted, (b) the last quote reported by Nasdaq for small-cap issues, if the Shares are so quoted, (c) the mean between the bid and asked prices as reported by Nasdaq, if the Shares are so quoted, or (d) if the Shares are listed on another securities exchange, the closing price at which the Shares are quoted on such exchange, in each case at the close of the Grant Date or, if there be no quotation or sale on that date, the next trading day after the Grant Date on which the Shares are quoted or traded. In all other cases, Fair Market Value of the Shares shall be determined by and in accordance with procedures established in good faith by the Committee and, with respect to Incentive Stock Options, conforming to regulations issued by the Internal Revenue Service regarding incentive stock options.

**13.19. Fiscal Year.** “Fiscal Year” means the fiscal year of the Company.

**13.20. Freestanding SAR.** “Freestanding SAR” means an SAR that is granted independently of any Option.

**13.21. Grant Date.** “Grant Date” means, with respect to an Award, the date that the Committee acts to grant the Award or such later date as the Committee shall specify.

**13.22. Incentive Stock Option.** “Incentive Stock Option” means an Option to purchase Shares which is designated as an Incentive Stock Option and is intended to meet the requirements of section 422 of the Code.

**13.23. Non-Employee Director.** “Non-Employee Director” means a Director who does not an Associate of the Company.

**13.24. Nonqualified Stock Option.** “Nonqualified Stock Option” means an option to purchase Shares which does not meet the requirements of section 422 of the Code.

**13.25. Option.** “Option” means an Incentive Stock Option or a Nonqualified Stock Option.

**13.26. Participant.** “Participant” means an Associate, Consultant, or Non-Employee Director who has an outstanding Award.

**13.27. Parent.** “Parent” shall have the meaning set forth in section 424(e) of the Code.

**13.28. Performance Goal.** “Performance Goal” shall mean any one or more of the following performance criteria:

- (a) Income (loss) per common share from continuing operations as disclosed in the Company’s annual report to stockholders for a particular Fiscal Year;
- (b) Income (loss) per common share disclosed in the Company’s annual report to stockholders for a particular Fiscal Year;

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- (c) Income (loss) per common share or income (loss) per common share from continuing operations, excluding (i) extraordinary charge(s); (ii) any accruals for restructuring programs, merger integration costs, or merger transaction costs; and/or (iii) other unusual or infrequent items (whether gains or losses) as defined by generally accepted accounting principles (GAAP) which are disclosed as a separate component of income or loss on the face of the income statement or as may be disclosed in the notes to the financial statements (hereinafter "EPS");
  - (d) Ratio of (i) operating profit, or other objective and specific income (loss) category results to (ii) average common shares outstanding (adjustments to (i) in this paragraph may be made at the time of the goal/target establishment by the Committee in its discretion);
  - (e) Any of items (a), (b), (c) or (d) on a diluted basis as described in Statement of Financial Accounting Standards No. 128 including official interpretations or amendments thereof which may be issued from time to time as long as such interpretations or amendments are utilized on the face of the income statement or in the notes to the financial statements disclosed in the Company's annual report to stockholders;
  - (f) Share price;
  - (g) Total stockholder return expressed on a dollar or percentage basis as is customarily disclosed in the proxy statement accompanying the notice of annual meetings of stockholders;
  - (h) Income (loss) (i) from continuing operations before extraordinary charge(s), (ii) before extraordinary charge(s), or (iii) net, as the case may be, adjusted to remove the effect of any accruals for restructuring programs or other unusual or infrequent items as defined by generally accepted accounting principles (GAAP) disclosed as a separate component of income on the face of the income statement or in the notes to the financial statements;
  - (i) Net income;
  - (j) Income (loss) before income taxes;
  - (k) Percentage increase in the (i) number of consumers using the Company's billing and payment services, (ii) the number of transactions processed by the Company, or (iii) the percentage of transactions processed electronically by the Company, each as disclosed in the Company's Annual Report on Form 10-K;
  - (l) Any of items (a) through (k) above with respect to any Parent, Subsidiary, Affiliate, division, business unit or business group of the Company whether or not such information is included in the Company's annual report to stockholders, proxy statement or notice of annual meeting of stockholders;
  - (m) Any of items (a) through (k) above with respect to a Performance Period whether or not such information is included in the Company's annual report to stockholders, proxy statement or notice of annual meetings of stockholders;
  - (n) Total Stockholder Return Ranking Position — meaning the relative placement of the Company's Total Stockholder Return compared to those publicly held companies in the Company's peer group as established by the Committee prior to the beginning of a vesting period or such later date as permitted under the Code. The peer group shall be comprised of not less than six (6) companies, including the Company; or
  - (o) Any other objective criteria established by the Committee and approved by the stockholders of the Company prior to payment of any Award based on the criteria.

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With respect to items (a), (b), (c) and (d) above, other terminology may be used for “income (loss) per common share” (such as “Basic EPS”, “earnings per common share”, “diluted EPS”, or “earnings per common share-assuming dilution”) as contemplated by Statement of Financial Accounting Standards No. 128.

**13.29. Performance Period.** “Performance Period” means the Fiscal Year except in the following cases: (a) the Associate’s service period within a Fiscal Year in the case of a new hire or promoted Associate; or (b) a period of service determined at the discretion of the Committee prior to the expiration of more than 25% of the period. Notwithstanding any provision contained herein, Performance Periods of Awards granted to Section 16 Persons shall exceed six (6) months in length (or such shorter period as may be permissible while maintaining compliance with Rule 16b-3).

**13.30. Performance Shares.** “Performance Share” means a Performance Share granted to a Participant pursuant to Section 8.

**13.31. Performance Unit.** “Performance Unit” means a Performance Unit granted to a Participant pursuant to Section 8.

**13.32. Period of Restriction.** “Period of Restriction” means the period during which shares of Restricted Stock are subject to forfeiture and/or restrictions on transferability; provided, however, that the Period of Restriction on Shares granted to a Section 16 Person may not lapse until at least six (6) months after the Grant Date.

**13.33. Plan.** “Plan” means the CheckFree Corporation 2002 Stock Incentive Plan, as set forth in this instrument and as hereafter amended from time to time.

**13.34. Restricted Stock.** “Restricted Stock” means an Award granted to a Participant pursuant to Section 7.

**13.35. Retirement.** “Retirement” means, in the case of an Associate, a Termination of Service by a Participant who has attained the age of at least 59 1/2, who has been continuously employed by the Company for at least five years, and who has entered into a written confidentiality and non-competition agreement with the Company (“Retirement Agreement”) in a form acceptable to the Committee at the time of such termination of employment. With respect to a Consultant, no Termination of Service shall be deemed to be on account of “Retirement.” With respect to a Non-Employee Director, “Retirement” means termination of service on the Committee with the consent of the remaining Directors.

**13.36. Rule 16b-3.** “Rule 16b-3” means Rule 16b-3 promulgated under the Exchange Act, as amended, and any future regulation amending, supplementing or superseding such regulation.

**13.37. Section 16 Person.** “Section 16 Person” means a person who, with respect to the Shares, is subject to section 16 of the Exchange Act.

**13.38. Securities Act.** “Securities Act” means the Securities Act of 1933, as amended. Reference to a specific section of the Securities Act or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

**13.39. Shares.** “Shares” means the shares of the Company’s common stock, \$.01 par value.

**13.40. Stock Appreciation Right or SAR.** “Stock Appreciation Right” or “SAR” means an Award, granted alone or in connection with a related Option, that pursuant to Section 6 is designated as an SAR.

**13.41. Subsidiary.** “Subsidiary” means any entity in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the chain then owns fifty percent (50%) or more of the total combined voting power in one of the other entities in the chain.

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**13.42. Tandem SAR.** “Tandem SAR” means an SAR that is granted in connection with a related Option, the exercise of which shall require forfeiture of the right to purchase an equal number of Shares under the related Option (and when a Share is purchased under the Option, the SAR shall be cancelled to the same extent).

**13.43. Termination of Service.** “Termination of Service” means (a) in the case of an Associate, a cessation of the employee-employer relationship between an Associate and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, Retirement, or the disaffiliation of an Affiliate, but excluding, with the consent of the Committee, any such termination where there is a simultaneous re-employment by the Company or an Affiliate or where there is a simultaneous re-engagement of the Associate as a Consultant by the Company or an Affiliate; (b) in the case of a Consultant, a cessation of the service relationship between a Consultant and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, or the disaffiliation of an Affiliate, but excluding, with the consent of the Committee, any such termination where there is a simultaneous re-engagement of the Consultant by the Company or an Affiliate or where there is a simultaneous re-employment of the Consultant as an Associate by the Company or an Affiliate; and (c) in the case of a Non-Employee Director, a cessation of the Non-Employee Director’s service on the Board for any reason. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Affiliates (or between Affiliates) shall not be deemed a Termination of Service.

**13.44. Termination of Service For Cause.** “Termination of Service For Cause” means Termination of Service for (a) the commission of an act of dishonesty, including but not limited to misappropriation of funds or property of the Company; (b) the engagement in activities or conduct injurious to the reputation of the Company; (c) the conviction or entry of a guilty or no contest plea to a misdemeanor involving an act of moral turpitude or a felony; (d) the violation of any of the terms and conditions of any written agreement the Participant may have from time to time with the Company (following 30 days’ written notice from the Company specifying the violation and the Participant’s failure to cure such violation within such 30-day period); or (e) any refusal to comply with the written directives, policies or regulations established from time to time by the Board.

**14. Legal Construction.**

**14.01. Gender and Number.** Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

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

**14.03. Requirements of Law.** The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies, the Nasdaq National Market, or national securities exchanges as may be required.

**14.04. Compliance with Rule 16b-3.** Transactions under this Plan with respect to Section 16 Persons are intended to comply with all applicable conditions of Rule 16b-3 of the Exchange Act. To the extent any provision of the Plan, Award Agreement or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee. Notwithstanding any contrary provision of the Plan, if the Committee specifically determines that compliance with Rule 16b-3 of the Exchange Act no longer is required, all references in the Plan to Rule 16b-3 of the Exchange Act shall be null and void.

**14.05. Governing Law.** The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of Delaware.

**14.06. Captions.** Captions are provided herein for convenience only, and shall not serve as a basis for interpretation or construction of the Plan.

Adopted: August 8, 2002

Amended and Restated: July 26, 2007



**FORM OF  
NONSTATUTORY STOCK OPTION AGREEMENT  
UNDER THE  
AMENDED AND RESTATED 2002 STOCK INCENTIVE PLAN**

CheckFree Corporation (the "Company") hereby grants, effective [Grant Date] (the "Effective Date") to [Participant Name] (the "Optionee") an option to purchase [Number of Shares Granted] shares of its common stock, par value \$.01 (the "Option Shares"), at a price of [Grant Price] per share pursuant to the Company's Amended and Restated 2002 Stock Incentive Plan (the "Plan"), subject to the following:

1. **RELATIONSHIP TO THE PLAN.** This option is granted pursuant to the Plan, and is in all respects subject to the terms, provisions and definitions of the Plan and any amendments thereto. The Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and conditions thereof. The Optionee accepts this option subject to all the terms and provisions of the Plan (including without limitation provisions relating to nontransferability, exercise of the option, sale of the option shares, termination of the option, adjustment of the number of shares subject to the option, and the exercise price of the option). The Optionee further agrees that all decisions and interpretations made by the Compensation Committee (the "Committee"), as established under the Plan, and as from time to time constituted, are final, binding, and conclusive upon the Optionee and his or her heirs. This option is a Non-Statutory Stock Option under the Plan.

2. **TIME OF EXERCISE.** Prior to termination, this option may be exercised, from time to time, in full or in part, by the Optionee to the extent the option is vested based upon the number of full years the Optionee is an employee of the Company after the Effective Date (the "Vested Percentage") and remains exercisable (subject to the provisions herein and the Plan) until it has been exercised as to all of the Shares or the tenth (10th) anniversary of the Effective Date, whichever occurs first. The Optionee is entitled to exercise this option to the extent of the percentage of, and not to exceed in the aggregate, the maximum number of the Shares, based upon the Vested Percentage, from time to time, as determined in accordance with the Optionee's on-line Summary page for CheckFree's Stock Option Plan.

Notwithstanding the foregoing, this option may not be exercised unless (i) the Option Shares are registered under the Securities Act of 1933, as amended, and are registered or qualified under applicable state securities or "blue sky" laws, or (ii) the Company has received an opinion of counsel to the Company to the effect that the option may be exercised and Option Shares may be issued by the Company pursuant thereto without such registration or qualification. If this option is not otherwise exercisable by reason of the foregoing sentence, the Company will take reasonable steps to comply with applicable state and federal securities laws in connection with such issuance.

3. **METHODS OF EXERCISE.** This option is exercisable by delivery to the Company of written notice of exercise which specifies the number of shares to be purchased and the election of the method of payment therefore, which will be one of the methods of payment specified in section 5.06 of the Plan. If payment is otherwise than payment in full in cash, the method of payment is subject to the consent of the Committee. Upon receipt of payment for the shares to be purchased pursuant to the option or, if applicable, the shares to be delivered pursuant to the election of an alternative payment method, the Company will deliver or cause to be delivered to the Optionee, to any other person exercising this option, or to a broker or dealer if the method of payment specified in clause (f) of subparagraph 5.06 of the Plan is elected, a certificate or certificates for the number of shares with respect to which this option is being exercised, registered in the name of the Optionee or other person exercising the option, or if appropriate, in

the name of such broker or dealer; provided, however, that if any law or regulation or order of the Securities and Exchange Commission or other body having jurisdiction over the exercise of this option will require the Company or Optionee (or other person exercising this option) to take any action in connection with the shares then being purchased, the delivery of the certificate or certificates for such shares may be delayed for the period necessary to take and complete such action.

4. **ACQUISITION FOR INVESTMENT.** This option is granted on the condition that the acquisition of the Option Shares hereunder will be for the account of the Optionee (or other person exercising this option) for investment purposes and not with a view to resale or distribution, except that such condition will be inoperative if the Option Shares are registered under the Securities Act of 1933, as amended, or if in the opinion of counsel for the Company such shares may be resold without registration. At the time of any exercise of the option, the Optionee (or other person exercising this option) will execute such further agreements as the Company may require to implement the foregoing condition and to acknowledge the Optionee's (or such other person's) familiarity with restrictions on the resale of the Option Shares under applicable securities laws.

5. **DISPOSITION OF SHARES.** The Optionee or any other person who may exercise this option will notify the Company within seven (7) days of any sale or other transfer of any Option Shares. If any class of equity securities of the Company is registered pursuant to section 12 of the Securities Exchange Act of 1934, as amended, and the Optionee or any other person who may exercise this option is subject to section 16 of that Act by virtue of such Optionee's or person's relationship to the Company, the Optionee or other person exercising this Option agrees not to sell or otherwise dispose of any Option Shares unless at least six (6) months have elapsed from the Effective Date.

6. **WITHHOLDING.** As a condition to the issuance of any of the Shares under this Option, Optionee or any person who may exercise this Option authorizes the Company to withhold in accordance with applicable law from any salary, wages or other compensation for services payable by the Company to or with respect to Optionee any and all taxes required to be withheld by the Company under federal, state or local law as a result of such Optionee's or such person's receipt or disposition of Shares purchased under this Option. If, for any reason, the Company is unable to withhold all or any portion of the amount required to be withheld, Optionee (or any person who may exercise this Option) agrees to pay to the Company upon exercise of this Option an amount equal to the withholding required to be made less the amount actually withheld by the Company.

7. **GENERAL.** This Agreement will be construed as a contract under the laws of the State of Delaware without reference to Delaware's choice of law rules. It may be executed in several counterparts, all of which will constitute one Agreement. It will bind and, subject to the terms of the Plan, benefit the parties and their respective successors, assigns, and legal representatives.

**IN WITNESS WHEREOF**, the Company and the Optionee have executed this Agreement as of the date first above written.

**OPTIONEE**

Signature:

[Participant Name]

**Associate Signature**

**CHECKFREE CORPORATION**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FORM OF  
INCENTIVE STOCK OPTION AGREEMENT  
UNDER THE  
AMENDED AND RESTATED 2002 STOCK INCENTIVE PLAN**

CheckFree Corporation (the "Company") hereby grants, effective **[Grant Date]** (the "Effective Date") to **[Participant Name]** (the "Optionee") an option to purchase **[Number of Shares Granted]** shares of its common stock, par value \$.01 (the "Option Shares"), at a price of **[Grant Price]** per share pursuant to the Company's Amended and Restated 2002 Stock Incentive Plan (the "Plan"), subject to the following:

1. **RELATIONSHIP TO THE PLAN.** This option is granted pursuant to the Plan, and is in all respects subject to the terms, provisions and definitions of the Plan and any amendments thereto. The Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and conditions thereof. The Optionee accepts this option subject to all the terms and provisions of the Plan (including without limitation provisions relating to non-transferability, exercise of the option, sale of the option shares, termination of the option, adjustment of the number of shares subject to the option, and the exercise price of the option). The Optionee further agrees that all decisions and interpretations made by the Compensation Committee (the "Committee"), as established under the Plan, and as from time to time constituted, are final, binding, and conclusive upon the Optionee and his or her heirs. This option is an Incentive Stock Option under the Plan.

2. **TIME OF EXERCISE.** Prior to termination, this option may be exercised, from time to time, in full or in part, by the Optionee to the extent the option is vested based upon the number of full years the Optionee is an employee of the Company after the Effective Date (the "Vested Percentage") and remains exercisable (subject to the provisions herein and the Plan) until it has been exercised as to all of the Shares or the tenth (10th) anniversary of the Effective Date, whichever occurs first. The Optionee is entitled to exercise this option to the extent of the percentage of, and not to exceed in the aggregate, the maximum number of the Shares, based upon the Vested Percentage, from time to time, as determined in accordance with the Optionee's on-line Summary page for CheckFree's Stock Option Plan.

Notwithstanding the foregoing, this option may not be exercised unless (i) the Option Shares are registered under the Securities Act of 1933, as amended, and are registered or qualified under applicable state securities or "blue sky" laws, or (ii) the Company has received an opinion of counsel to the Company to the effect that the option may be exercised and Option Shares may be issued by the Company pursuant thereto without such registration or qualification. If this option is not otherwise exercisable by reason of the foregoing sentence, the Company will take reasonable steps to comply with applicable state and federal securities laws in connection with such issuance.

3. **METHODS OF EXERCISE.** This option is exercisable by delivery to the Company of written notice of exercise which specifies the number of shares to be purchased and the election of the method of payment therefore, which will be one of the methods of payment specified in section 5.06 of the Plan. If payment is otherwise than payment in full in cash, the method of payment is subject to the consent of the Committee. Upon receipt of payment for the shares to be purchased pursuant to the option or, if applicable, the shares to be delivered pursuant to the election of an alternative payment method, the Company will deliver or cause to be delivered to the Optionee, to any other person exercising this option, or to a broker or dealer if the method of payment specified in clause (f) of section 5.06 of the Plan is elected, a certificate or certificates for the number of shares with respect to which this option is being exercised, registered in the name of the Optionee or other person exercising the option, or if appropriate, in the name of such broker or dealer; provided, however, that if any law or regulation or order of the Securities and

Exchange Commission or other body having jurisdiction over the exercise of this option will require the Company or Optionee (or other person exercising this option) to take any action in connection with the shares then being purchased, the delivery of the certificate or certificates for such shares may be delayed for the period necessary to take and complete such action.

4. **ACQUISITION FOR INVESTMENT.** This option is granted on the condition that the acquisition of the Option Shares hereunder will be for the account of the Optionee (or other person exercising this option) for investment purposes and not with a view to resale or distribution, except that such condition will be inoperative if the Option Shares are registered under the Securities Act of 1933, as amended, or if in the opinion of counsel for the Company such shares may be resold without registration. At the time of any exercise of the option, the Optionee (or other person exercising this option) will execute such further agreements as the Company may require to implement the foregoing condition and to acknowledge the Optionee's (or such other person's) familiarity with restrictions on the resale of the Option Shares under applicable securities laws.

5. **DISPOSITION OF SHARES.** The Optionee or any other person who may exercise this option will notify the Company within seven (7) days of any sale or other transfer of any Option Shares. If any class of equity securities of the Company is registered pursuant to section 12 of the Securities Exchange Act of 1934, as amended, and the Optionee or any other person who may exercise this option is subject to section 16 of that Act by virtue of such Optionee's or person's relationship to the Company, the Optionee or other person exercising this Option agrees not to sell or otherwise dispose of any Option Shares unless at least six (6) months have elapsed from the Effective Date.

6. **WITHHOLDING.** As a condition to the issuance of any of the Shares under this Option, Optionee or any person who may exercise this Option authorizes the Company to withhold in accordance with applicable law from any salary, wages or other compensation for services payable by the Company to or with respect to Optionee any and all taxes required to be withheld by the Company under federal, state or local law as a result of such Optionee's or such person's receipt or disposition of Shares purchased under this Option. If, for any reason, the Company is unable to withhold all or any portion of the amount required to be withheld, Optionee (or any person who may exercise this Option) agrees to pay to the Company upon exercise of this Option an amount equal to the withholding required to be made less the amount actually withheld by the Company.

7. **GENERAL.** This Agreement will be construed as a contract under the laws of the State of Delaware without reference to Delaware's choice of law rules. It may be executed in several counterparts, all of which will constitute one Agreement. It will bind and, subject to the terms of the Plan, benefit the parties and their respective successors, assigns, and legal representatives.

**IN WITNESS WHEREOF**, the Company and the Optionee have executed this Agreement as of the date first above written.

**OPTIONEE**

Signature:

[Participant Name]

**Associate Signature**

**CHECKFREE CORPORATION**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**FORM OF  
PERFORMANCE ACCELERATED  
RESTRICTED STOCK AWARD AGREEMENT  
UNDER THE  
AMENDED AND RESTATED 2002 STOCK INCENTIVE PLAN**

Associate Name: [Participant Name]  
 Number of Restricted Shares Subject to Award: [Number of Shares Granted]  
 Date of Award Grant: [Grant Date]

CheckFree Corporation, a Delaware corporation (the "Company"), hereby grants to the individual whose name appears above (the "Associate") a Performance Accelerated Restricted Stock Award (the "Award") of that number of shares of its Common Stock, \$0.01 par value per share (the "Restricted Shares") set forth above, subject to all of the terms and conditions set forth in this Performance Accelerated Restricted Stock Award Agreement (this "Agreement") and the Company's Amended and Restated 2002 Stock Incentive Plan (the "Plan"). All terms and conditions set forth in Annex I and Annex II hereto and the Plan are deemed to be incorporated herein in their entirety. Undefined capitalized terms used in this Agreement shall have the meanings set forth in the Plan.

**1. Vesting Provisions.**

(a) Provided that the Associate is employed by the Company on such date, the Associate's Restricted Shares will be issued (subject to tax withholding) and become vested on the fifth anniversary of the Date of Award Grant as set forth above; provided, however, that the Restricted Shares will vest in full at such earlier time as the performance objectives set forth in Annex II hereto are certified by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") to have been satisfied.

(b) In the event of the Associate's Termination of Service with the Company for any reason before all of the Associate's Restricted Shares have become vested under this Award, the Associate's Restricted Shares that have not been issued and have not vested shall be forfeited on the effective date of the termination; provided, however, in the event of the Associate's Termination of Service by reason of death, Disability or Retirement, all of the Restricted Shares subject to this Agreement shall vest in full.

(c) The Compensation Committee will have the right to determine, in its sole discretion, how an Associate's leave of absence will affect the terms of this Award, including the vesting and issuance of Restricted Shares hereunder.

(d) In the event of a Change of Control, all of the Restricted Shares subject to this Agreement shall vest in full.

(e) The Company will not have any further obligations to the Associate under this Award if the Associate's Restricted Shares are forfeited as provided herein.

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**2. General**

By signing below, you agree that this award is governed by this Agreement and by the terms and conditions contained in the Plan, as amended from time to time and incorporated into this Agreement by reference. A copy of the Plan is available upon request by contacting the Human Resources Department at the Company's executive offices.

**CheckFree Corporation**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_ Date

**Associate**

\_\_\_\_\_  
Associate Signature

\_\_\_\_\_ Date

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**ANNEX I TO RESTRICTED STOCK AWARD AGREEMENT**  
**TERMS AND CONDITIONS OF RESTRICTED STOCK AWARD**

1. Issuance of Restricted Stock. The Company, or its transfer agent, will issue and deliver the vested portion of the Restricted Shares to the Associate as soon as practicable after the Restricted Shares become vested, subject to payment of the applicable withholding tax liability as set forth below. If the Associate dies before the Company has distributed any portion of the vested Restricted Shares, the Company will transfer any vested Restricted Shares in accordance with the Associate's will or, if the Associate did not have a will, the vested Restricted Shares will be distributed in accordance with the laws of descent and distribution.

2. Withholding Taxes. Notwithstanding anything in this Agreement to the contrary, no certificate representing Restricted Stock shall be delivered unless and until Associate shall have delivered to the Company or its designated Affiliate, the full amount of any federal, state or local income and other withholding taxes. The Company is permitted to withhold a number of shares of Restricted Stock equal in value to Associate's withholding obligations and to pay this amount to the Internal Revenue Service on Associate's behalf.

3. Non-transferability of Award. Until the Restricted Shares have vested as set forth on page 1 of this Agreement, the Restricted Shares granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of such award, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, such award and the rights and privileges conferred hereby shall immediately become null and void.

4. Conditions to Issuance of Shares. The shares of stock deliverable to the Associate may be either previously authorized but unissued shares or issued shares, which have been reacquired by the Company. The Company shall not be required to issue any certificate or certificates for shares of stock hereunder prior to fulfillment of all of the following conditions: (a) the admission of such shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such shares under any State or Federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") shall, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any State or Federal governmental agency, which the Compensation Committee shall, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the date of grant of the Restricted Shares as the Compensation Committee may establish from time to time for reasons of administrative convenience.

5. No Rights as Stockholder. Until the Restricted Shares have vested and have been issued, Associate shall not have any rights of a stockholder of the Company with respect to the Restricted Shares, including any right to vote such Restricted Shares or to receive dividends and distributions on such Restricted Shares.

6. Plan Governs. This Agreement is subject to all the terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan shall govern.

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7. No Right to Continued Employment. The Associate understands and agrees that this Agreement does not impact in any way the right of the Company, or any Affiliate of the Company employing the Associate, to terminate or change the terms of the employment of Associate at any time for any reason whatsoever, with or without cause. Associate understands and agrees that his or her employment with the Company or an Affiliate is on an "at-will" basis only.

8. Addresses for Notices. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company, in care of the Compensation Director, at CheckFree Corporation, 4411 East Jones Bridge Road, Norcross, Georgia 30092, or at such other address as the Company may hereafter designate in writing. Any notice to be given to the Associate shall be addressed to the Associate at the address set forth on page 1 of this Agreement, or at such other address for the Associate maintained on the books and records of the Company.

9. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

10. Agreement Severable. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Notice and Agreement.



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**ANNEX II TO RESTRICTED STOCK AWARD AGREEMENT  
PERFORMANCE CRITERIA FOR ACCELERATED VESTING OF  
PERFORMANCE ACCELERATED RESTRICTED STOCK AWARD**

**1. Accelerated Vesting Criteria.**

A. 50% of the Restricted Shares shall vest if the Company's cumulative free cash flow, defined as GAAP net cash provided by operating activities, exclusive of the net change in settlement accounts, less capital expenditures, plus data center reimbursements, for Fiscal Years 2008, 2009 and 2010 (July 1, 2007 through June 30, 2010) is at least as much as set forth in the Company's budget, as approved by the Board of Directors, for each of the applicable Fiscal Years.

B. 25% of the Restricted Shares shall vest if the Company's cumulative revenue, excluding the impact of previously issued warrants, for Fiscal Years 2008, 2009 and 2010 (July 1, 2007 through June 30, 2010) is at least as much as set forth in the Company's budget, as approved by the Board of Directors, for each of the applicable Fiscal Years.

C. 25% of the Restricted Shares shall vest if the Company's cumulative underlying earnings per share, defined as GAAP earnings per share excluding the amortization of acquisition-related intangible assets, the impact of previously issued warrants, and certain one-time charges and related income tax benefits, for Fiscal Years 2008, 2009 and 2010 (July 1, 2007 through June 30, 2010) is at least as much as set forth in the Company's budget, as approved by the Board of Directors, for each of the applicable Fiscal Years.

**2. Compensation Committee Discretion**

A. The Compensation Committee has the sole discretion to determine all performance outcomes under the accelerated vesting criteria set forth above. In particular, the Compensation Committee may in its sole discretion include or exclude from such calculations of cumulative free cash flow, revenue, and underlying earnings per share, extraordinary gains or losses of any kind, the financial impact of mergers or acquisitions, the effects of any changes in accounting principles or tax regulations, and any other unusual charges or gains that impact financial performance, including but not limited to charges related to previously issued warrants and the amortization of acquisition-related intangible assets, and the related income tax effect of any such inclusions or exclusions.

B. The Compensation Committee's discretion hereunder shall be total and final and the Associate awarded the Restricted Stock shall be bound by the Compensation Committee's decisions and certifications hereunder.

**FORM OF  
RESTRICTED STOCK AWARD AGREEMENT  
UNDER THE  
AMENDED AND RESTATED 2002 STOCK INCENTIVE PLAN**

Associate Name: [Participant Name]  
Number of Restricted Shares Subject to Award: [Number of Shares Granted]  
Date of Award Grant: [Grant Date]

CheckFree Corporation, a Delaware corporation (the "Company"), hereby grants to the individual whose name appears above (the "Associate") a Restricted Stock Award (the "Award") of shares of its Common Stock, \$0.01 par value per share (the "Restricted Shares") to be issued to Associate as set forth below, subject to all of the terms and conditions set forth in this Restricted Stock Award Agreement (this "Agreement") and the Company's Amended and Restated 2002 Stock Incentive Plan (the "Plan"). All terms and conditions set forth in Annex I hereto and the Plan are deemed to be incorporated herein in their entirety.

**1. Vesting Provisions.**

(a) Provided that the Associate is employed by the Company on such dates, the Associate's Restricted Shares will be issued (subject to tax withholding) and become vested in five equal installments with 20% of the shares vesting on the 1<sup>st</sup> anniversary of the grant, 20% on the 2<sup>nd</sup> anniversary of the grant, 20% on the 3<sup>rd</sup> anniversary of the grant, 20% on the 4<sup>th</sup> anniversary of the grant, and 20% on the 5<sup>th</sup> anniversary of the grant.

If the application of this paragraph would result in Associate vesting in a fraction of a share of Common Stock, such fractional share of Common Stock will be rounded down to the next whole share, in which case adjustments may be made to future vesting increments to prevent exceeding the total number of Restricted Shares subject to the Award, as provided above.

(b) If the Associate's employment or service with the Company terminates for any reason before all of Associate's Restricted Shares have become vested under this Award, the Associate's Restricted Shares that have not been issued and have not vested shall be forfeited on and after the effective date of the termination.

(c) Notwithstanding the foregoing, if the Associate terminates employment or service with the Company because he or she has been employed by an Affiliate or Subsidiary of the Company, the Associate shall continue to vest in the Restricted Shares in accordance with the vesting schedule set forth in paragraph 1(a) above, and Associate's cessation of employment or service with the Company shall not be deemed a forfeiture event hereunder.

(d) The Compensation Committee will have the right to determine, in its sole discretion, how an Associate's leave of absence will affect the terms of this Award, including the vesting and issuance of Restricted Shares hereunder.

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(e) The Company will not have any further obligations to the Associate under this Award if the Associate's Restricted Shares are forfeited as provided herein.

**2. General**

By signing below, you agree that this award is governed by this Agreement, and by the terms and conditions contained in the Plan, as amended from time to time and incorporated into this Agreement by reference. A copy of the Plan is available upon request by contacting the Human Resources Department at the Company's executive offices.

**CheckFree Corporation**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
Date

**Associate**

\_\_\_\_\_  
Associate

\_\_\_\_\_  
Date

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**ANNEX I TO RESTRICTED STOCK AWARD AGREEMENT**  
**TERMS AND CONDITIONS OF RESTRICTED STOCK AWARD**

1. Issuance of Restricted Stock. The Company, or its transfer agent, will issue and deliver the vested portion of the Restricted Shares to the Associate as soon as practicable after the Restricted Shares become vested, subject to payment of the applicable withholding tax liability as set forth below. If the Associate dies before the Company has distributed any portion of the vested Restricted Shares, the Company will transfer any vested Restricted Shares in accordance with the Associate's will or, if the Associate did not have a will, the vested Restricted Shares will be distributed in accordance with the laws of descent and distribution.

2. Withholding Taxes. Notwithstanding anything in this Agreement to the contrary, no certificate representing Restricted Stock shall be delivered unless and until Associate shall have delivered to the Company or its designated Affiliate, the full amount of any federal, state or local income and other withholding taxes. The Company is permitted to withhold a number of shares of Restricted Stock equal in value to Associate's withholding obligations and to pay this amount to the Internal Revenue Service on Associate's behalf.

3. Non-transferability of Award. Until the Restricted Shares have vested as set forth on page 1 of this Agreement, the Restricted Shares granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise). Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of such award, or of any right or privilege conferred hereby, contrary to the provisions of the Plan or of this Agreement, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, such award and the rights and privileges conferred hereby shall immediately become null and void.

4. Conditions to Issuance of Shares. The shares of stock deliverable to Associate may be either previously authorized but unissued shares or issued shares which have been reacquired by the Company. The Company shall not be required to issue any certificate or certificates for shares of stock hereunder prior to fulfillment of all of the following conditions: (a) the admission of such shares to listing on all stock exchanges on which such class of stock is then listed; (b) the completion of any registration or other qualification of such shares under any State or Federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Compensation Committee (the "Committee") shall, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any State or Federal governmental agency, which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the date of grant of the Restricted Shares as the Committee may establish from time to time for reasons of administrative convenience.

5. No Rights as Stockholder. Until the Restricted Shares have vested and have been issued, Associate shall not have any rights of a stockholder of the Company with respect to the Restricted Shares, including any right to vote such Restricted Shares and to receive dividends and distributions on such Restricted Shares.

6. Plan Governs. This Agreement is subject to all the terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan shall govern. Undefined capitalized terms used in this Agreement shall have the meanings set forth in the Plan.

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7. No Right to Continued Employment. Associate understands and agrees that this Agreement does not impact in any way the right of the Company, or any Affiliate of the Company employing Associate, to terminate or change the terms of the employment of Associate at any time for any reason whatsoever, with or without cause. Associate understands and agrees that his or her employment with the Company or an Affiliate is on an "at-will" basis only.

8. Addresses for Notices. Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company, in care of the Compensation Manager, at CheckFree Corporation, 4411 East Jones Bridge Road, Norcross, Georgia 30092, or at such other address as the Company may hereafter designate in writing. Any notice to be given to Associate shall be addressed to Associate at the address set forth on page 1 of this Agreement, or at such other address for Associate maintained on the books and records of the Company.

10. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

11. Agreement Severable. In the event that any provision in this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Notice and Agreement.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the Current Report on Form 8-K of Fiserv, Inc. dated December 3, 2007 of our report dated August 24, 2007 related to the consolidated financial statements of CheckFree Corporation as of and for the years ended June 30, 2007 and 2006 (which report on the consolidated financial statements expresses an unqualified opinion on the consolidated financial statements and includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 123R, Share-Based Payment, by CheckFree Corporation on July 1, 2005, as described in Note 1), appearing in the Current Report on Form 8-K of Fiserv, Inc. filed November 13, 2007.

/s/ Deloitte & Touche LLP

Atlanta, Georgia  
December 3, 2007



*For more information contact:*

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*Lori Stafford*

*Assistant Vice President Corp. Communications*

*(262) 879-5130*

*[lori.stafford@fiserv.com](mailto:lori.stafford@fiserv.com)*

*Investor Contact:*

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*Vice President Investor Relations*

*(262) 879-5055*

*[david.banks@fiserv.com](mailto:david.banks@fiserv.com)*

*For immediate release:*

*December 4, 2007*

### **Fiserv Completes Acquisition of CheckFree**

**Brookfield, Wis., December 4, 2007**— Fiserv, Inc. (NASDAQ: FISV), a leading provider of information technology services to the financial industry, today announced the completion of its acquisition of CheckFree Corporation, a world leader in financial electronic commerce services and products, including electronic bill payment and internet banking. Under terms of the transaction, Fiserv acquired CheckFree for approximately \$4.4 billion in cash, or \$48 per share.

“Combining our two companies’ broad range of market leading capabilities will provide a platform to deliver unprecedented innovation in financial services technology,” said Jeffery Yabuki, President and Chief Executive Officer of Fiserv. “CheckFree’s key strengths – world-class products and a culture of dynamic innovation – will accelerate our Fiserv 2.0 strategies resulting in a client value proposition unrivaled in the market today. Both companies have been strong, and together we will be even stronger.”

More than 3,000 financial services web sites use the electronic billing and payment services provided by CheckFree, and growth will continue as consumers and businesses move from paper to electronic processes. Additionally, CheckFree has the market-leading online banking platform for financial institutions and its investment services platform processes portfolios with assets under management totaling more than \$1.8 trillion.

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*Fiserv, Corporate Headquarters, 255 Fiserv Drive, Brookfield, Wisconsin 53045 PH: 262-879-5000  
Mailing Address: P.O. Box 979, Brookfield, Wisconsin 53008-0979 Internet: [www.fiserv.com](http://www.fiserv.com)*



CheckFree's client base of large financial institutions complements Fiserv's base of more than 18,000 clients. The newly combined company has the expertise, solutions and scale to support financial institutions of any size in a number of areas including core processing, electronic billing, risk management, payments (including cash and logistics, ACH, imaging, online, phone, emergency and walk-in) and wealth management/managed accounts.

"CheckFree has defined innovation in online banking, electronic billing and payment, financial software and payment infrastructures, and the delivery of investment services technology for managed accounts," said Pete Kight, former CheckFree Chairman and Chief Executive Officer. "Now, we have the opportunity to integrate and innovate with the unrivaled breadth and scale of Fiserv's technology platforms. We have an opportunity to create compelling value for our clients in areas that are tremendously important to their success and growth."

The combined company's pro-forma revenue for 2006 was more than \$4.5 billion (excluding the previously announced sales of Fiserv ISS and Fiserv Health), serves more than 21,000 customers in 275 locations worldwide, and has more than 25,000 employees.

#### ***New Senior Management Structure***

Yabuki will continue to serve as CEO and President of Fiserv, Inc., and Donald F. Dillon will continue to serve as Chairman of the Board. Tom Hirsch will continue as the company's Chief Financial Officer.

Kight will be named Vice Chairman of Fiserv and will lead new product development and strategic integration. Additionally, Kight will join its Board of Directors. Steve Olsen, former Chief Operating Officer of CheckFree, will become Fiserv's Group President of Internet Banking and Electronic Payments. Olsen will lead the company's bill payments, internet banking, treasury/cash management and investment management businesses.

"This is an historic day for Fiserv," said Yabuki. "Going forward, we are in the enviable position of having numerous market leading products and services, along with a fantastic group of employees working together to deliver increased value for our clients and shareholders. We couldn't be more excited about the future."

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*Fiserv, Corporate Headquarters, 255 Fiserv Drive, Brookfield, Wisconsin 53045 PH: 262-879-5000  
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The company also announced that Norm Balthasar, Senior Executive Vice President and Chief Operating Officer, will retire from his position on December 31, 2007. Balthasar's intent to retire in 2008 had been previously announced in 2005. Balthasar will remain with the company through June 30, 2008 to ensure a seamless transition and to assist in the CheckFree integration.

"Norm has been a key contributor and leader in Fiserv since its inception. His deep knowledge of the business and strong intuition have combined to create tremendous results," said Yabuki. "We will miss Norm's counsel, insights and friendship, and wish him well as he embarks on the next phase of his life."

#### **Financing**

The transaction was funded with a combination of debt instruments, including \$2.5 billion in proceeds from a 5 year term loan, \$1.75 billion in proceeds from publicly issued 5 and 10 year notes, and proceeds from its credit facilities.

#### **Advisors**

Fiserv was advised by Credit Suisse and Sullivan & Cromwell LLP. CheckFree was advised by Goldman, Sachs & Co. and Wachtell, Lipton, Rosen & Katz.

#### **About Fiserv, Inc.**

Fiserv, Inc. (NASDAQ: FISV), a Fortune 500 company, provides information management and electronic commerce systems and services to the financial and insurance industries. Leading services include transaction processing, outsourcing, electronic bill payment and presentment, investment management solutions, business process outsourcing (BPO), software and systems solutions. Headquartered in Brookfield, Wis., the company serves more than 21,000 clients worldwide and is the leading provider of core processing solutions for U.S. banks, credit unions and thrifts. Fiserv was ranked the largest provider of information technology services to the financial services industry worldwide in the 2004, 2005 and 2006 FinTech 100 surveys. In 2007, the company completed the acquisition of CheckFree, a leading provider of electronic commerce services. Fiserv and CheckFree had more than \$4.5 billion in combined pro forma total revenue for 2006. For more information, please visit [www.fiserv.com](http://www.fiserv.com).



### Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this release constitute “forward-looking statements.” Actual results could differ materially from those projected or forecast in the forward-looking statements. The factors that could cause actual results to differ materially include the following: the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected time-frames or at all and to successfully integrate CheckFree’s operations into those of Fiserv; such integration may be more difficult, time-consuming or costly than expected; revenues following the transaction may be lower than expected; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the transaction; the retention of certain key employees at CheckFree; and the amount of the costs, fees, expenses and charges related to the merger and the financing transactions consummated to finance the merger. Fiserv is subject to, among other matters, changes in customer demand for its products and services, pricing and other actions by competitors, general changes in local, regional, national and international economic conditions and the impact they may have on Fiserv and its customers and Fiserv’s assessment of that impact; proposed or enacted legislation affecting the financial services industry as a whole, and/or Fiserv and its subsidiaries individually or collectively; regulatory supervision and oversight; rapid technological developments and changes; Fiserv’s ability to continue to introduce competitive new products and services on a timely, cost-effective basis; the mix of products and services; containing costs and expenses; protection and validity of intellectual property rights; the outcome of pending and future litigation and governmental proceedings; acts of war and terrorism; and the other factors discussed in “Risk Factors” in Fiserv’s Annual Report on Form 10-K for the most recently ended fiscal year and Fiserv’s other filings with the SEC, which are available at <http://www.sec.gov>. Fiserv does not assume any obligation to update the information in this release. Readers are cautioned not to place undue reliance on forward-looking statements which speak only as of the date hereof.

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*Fiserv, Corporate Headquarters, 255 Fiserv Drive, Brookfield, Wisconsin 53045 PH: 262-879-5000  
Mailing Address: P.O. Box 979, Brookfield, Wisconsin 53008-0979 Internet: [www.fiserv.com](http://www.fiserv.com)*

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements present the effect of the acquisition of CheckFree Corporation (“CheckFree”) by Fiserv, Inc. (“Fiserv”) for approximately \$4.4 billion paid in cash at closing and the issuance of long-term debt by Fiserv to fund the acquisition. In addition, the following unaudited pro forma condensed combined financial statements present the effect of our pending dispositions of certain health businesses (“Fiserv Health”) for approximately \$775 million payable in cash at closing and Fiserv Investment Support Services (“Fiserv ISS”), in two transactions, for approximately \$355 million payable in cash at closing before payment of taxes and transaction expenses. Fiserv completed its acquisition of CheckFree on December 3, 2007. Fiserv expects the disposition of Fiserv Health to be completed by the end of 2007 or in the first quarter of 2008. Fiserv expects one of the transactions involving the disposition of Fiserv ISS to close in the fourth quarter of 2007 and the other to close in the first quarter of 2008.

Fiserv ISS has been classified as held for sale and the related results of discontinued operations are excluded from Fiserv’s historical results in the unaudited pro forma condensed combined statements of income. The unaudited pro forma condensed combined statements of income presented do not reflect the anticipated net gain resulting from the sale of Fiserv ISS.

These unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements, including the notes thereto, of Fiserv and CheckFree, which we and CheckFree have filed with the SEC.

The following unaudited pro forma condensed combined statements of income for the nine months ended September 30, 2007 and the year ended December 31, 2006 give effect to the CheckFree acquisition as if it had occurred at the beginning of each period and the sale of Fiserv Health as a discontinued operation and reflect a reduction of interest expense resulting from the use of the anticipated sale proceeds from Fiserv ISS and Fiserv Health primarily for the repayment of long-term debt. The following unaudited pro forma condensed combined balance sheet as of September 30, 2007 gives effect to the CheckFree acquisition, using the purchase method of accounting, and the sale of Fiserv Health and Fiserv ISS as if these transactions had occurred on September 30, 2007. The unaudited pro forma adjustments are based on available information and assumptions that we believe are reasonable under the circumstances, and actual results could differ materially from anticipated results.

Because we maintain a calendar fiscal year and CheckFree’s fiscal year ends on June 30, we have combined CheckFree’s results from different fiscal periods for purposes of this pro forma presentation, as described in footnote (a) to the accompanying unaudited pro forma financial statements. CheckFree’s historical statements of income include the results of operations for CheckFree’s acquisitions of Corillian Corporation (“Corillian”) in May 2007 and Carreker Corporation (“Carreker”) in April 2007 since the dates of acquisition. The unaudited pro forma condensed combined statements of income were not adjusted for the historical results of Corillian and Carreker prior to the effective date of acquisition because these acquisitions are not significant under Rule 3-05 of SEC Regulation S-X and our management does not believe they are material. In separate transactions, CheckFree acquired Corillian and Carreker for \$245 million and \$206 million in cash, respectively.

The unaudited pro forma financial statements are presented for illustration purposes only, in accordance with the assumptions set forth below, include various estimates and are not necessarily indicative of the operating results or financial position that would have occurred had the transactions been completed at the assumed dates or of the operating results or financial position of the combined enterprise in the future. The unaudited pro forma financial statements do not reflect any adjustments to conform accounting practices, other than those mentioned in the notes thereto, or to reflect any cost savings or other synergies anticipated as a result of the acquisition, the effect of asset dispositions, if any, or any transaction related expenses.

**Unaudited Pro Forma Condensed Combined Statement of Income**  
**Nine Months Ended September 30, 2007**

	<u>Fiserv</u>	<u>Acquisition of CheckFree(a)</u>	<u>Disposition of Fiserv Health(b)</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
	(In thousands, except per share information)				
Revenues:					
Processing and services	\$2,243,710	\$ 751,303	\$(271,300)	\$ (7,800)(c)	\$2,715,913
Product	<u>1,295,154</u>	<u>40,226</u>	<u>(420,731)</u>	<u>—</u>	<u>914,649</u>
Total revenues	<u>3,538,864</u>	<u>791,529</u>	<u>(692,031)</u>	<u>(7,800)</u>	<u>3,630,562</u>
Expenses:					
Cost of processing and services	1,408,577	435,989	(202,897)	(7,800)(c)	1,662,401
				28,532 (d)	
Cost of product	1,096,824	23,660	(396,748)	—	723,736
Selling, general and administrative	<u>458,523</u>	<u>194,640</u>	<u>(63,783)</u>	<u>35,900 (d)</u>	<u>625,280</u>
Total expenses	<u>2,963,924</u>	<u>654,289</u>	<u>(663,428)</u>	<u>56,632</u>	<u>3,011,417</u>
Operating income	574,940	137,240	(28,603)	(64,432)	619,145
Interest (expense) income, net	(33,209)	2,930	—	(216,000)(e)	(213,654)
				32,625 (f)	
Income from continuing operations before income taxes	<u>541,731</u>	<u>140,170</u>	<u>(28,603)</u>	<u>(247,807)</u>	<u>405,491</u>
Income tax provision	<u>208,066</u>	<u>52,379</u>	<u>(11,155)</u>	<u>(95,406)(g)</u>	<u>153,884</u>
Income from continuing operations	<u>\$ 333,665</u>	<u>\$ 87,791</u>	<u>\$ (17,448)</u>	<u>\$(152,401)</u>	<u>\$ 251,607</u>
Income from continuing operations per share:					
Basic	\$ 1.99				\$ 1.50
Diluted	\$ 1.97				\$ 1.48
Shares used in computing income per share:					
Basic	167,367				167,367
Diluted	169,728				169,728

See accompanying notes to unaudited pro forma condensed combined financial statements

**Unaudited Pro Forma Condensed Combined Statement of Income**  
**Year Ended December 31, 2006**

	Fiserv	Acquisition of CheckFree(a)	Disposition of Fiserv Health(b)	Pro Forma Adjustments	Pro Forma
	(In thousands, except per share information)				
Revenues:					
Processing and services	\$2,889,340	\$ 876,433	\$(371,438)	\$ (8,000)(c)	\$3,386,335
Product	<u>1,517,691</u>	<u>41,211</u>	<u>(430,648)</u>	<u>—</u>	<u>1,128,254</u>
Total revenues	<u>4,407,031</u>	<u>917,644</u>	<u>(802,086)</u>	<u>(8,000)</u>	<u>4,514,589</u>
Expenses:					
Cost of processing and services	1,868,171	490,912	(270,366)	(8,000)(c) 37,106 (d)	2,117,823
Cost of product	1,251,261	29,071	(409,912)	—	870,420
Selling, general and administrative	<u>568,362</u>	<u>203,881</u>	<u>(66,677)</u>	<u>54,733 (d)</u>	<u>760,299</u>
Total expenses	<u>3,687,794</u>	<u>723,864</u>	<u>(746,955)</u>	<u>83,839</u>	<u>3,748,542</u>
Operating income	719,237	193,780	(55,131)	(91,839)	766,047
Interest (expense) income, net	(40,672)	13,073	—	(288,000)(e) 39,750 (f)	(275,849)
Income from continuing operations before income taxes	<u>678,565</u>	<u>206,853</u>	<u>(55,131)</u>	<u>(340,089)</u>	<u>490,198</u>
Income tax provision	<u>257,170</u>	<u>78,693</u>	<u>(21,611)</u>	<u>(130,934)(g)</u>	<u>183,318</u>
Income from continuing operations	<u>\$ 421,395</u>	<u>\$ 128,160</u>	<u>\$ (33,520)</u>	<u>\$(209,155)</u>	<u>\$ 306,880</u>
Income from continuing operations per share:					
Basic	\$ 2.41				\$ 1.75
Diluted	\$ 2.37				\$ 1.73
Shares used in computing income per share:					
Basic	174,989				174,989
Diluted	177,529				177,529

See accompanying notes to unaudited pro forma condensed combined financial statements

**Unaudited Pro Forma Condensed Combined Balance Sheet**  
**September 30, 2007**

	<u>Fiserv</u>	<u>Acquisition of CheckFree(a)</u>	<u>Disposition of Fiserv Health(h)</u>	<u>Disposition of Fiserv ISS(i)</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
	(In thousands, except per share information)					
<b>ASSETS</b>						
Cash and cash equivalents	\$ 161,250	\$ 102,374	\$ 425,884	\$ 250,000	\$ 50,000 (j) (750,000)(k)	\$ 239,508
Trade accounts receivable, net	658,212	220,891	(66,137)	—	—	812,966
Prepaid expenses and other current assets	193,887	263,735	(12,170)	—	—	445,452
Assets of discontinued operations held for sale	<u>1,987,459</u>	<u>—</u>	<u>—</u>	<u>(1,987,459)</u>	<u>—</u>	<u>—</u>
Total current assets	3,000,808	587,000	347,577	(1,737,459)	(700,000)	1,497,926
Property and equipment, net	238,164	143,636	(18,643)	—	—	363,157
Intangible assets, net	591,717	220,162	(44,214)	—	1,719,838 (l)	2,487,503
Goodwill	2,386,495	1,020,985	(373,349)	—	1,829,864 (l)	4,863,995
Other long-term assets	<u>60,755</u>	<u>126,495</u>	<u>(3,340)</u>	<u>—</u>	<u>30,000 (j)</u>	<u>213,910</u>
Total assets	<u>\$6,277,939</u>	<u>\$2,098,278</u>	<u>\$ (91,969)</u>	<u>\$ (1,737,459)</u>	<u>\$ 2,879,702</u>	<u>\$9,426,491</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Trade accounts payable	\$ 245,449	\$ 23,262	\$ (116,131)	\$ —	\$ —	\$ 152,580
Accrued expenses and other current liabilities	361,890	219,740	(24,036)	—	—	557,594
Current maturities of long-term debt	60,953	123,915	(644)	—	—	184,224
Deferred revenues	251,151	78,252	(20,810)	—	—	308,593
Liabilities of discontinued operations held for sale	<u>1,817,603</u>	<u>—</u>	<u>—</u>	<u>(1,817,603)</u>	<u>—</u>	<u>—</u>
Total current liabilities	2,737,046	445,169	(161,621)	(1,817,603)	—	1,202,991
Long-term debt	911,003	75,300	(257)	—	4,500,000 (j) (750,000)(k)	4,736,046
Deferred income taxes and other long-term liabilities	<u>247,989</u>	<u>45,373</u>	<u>(27,091)</u>	<u>—</u>	<u>662,138 (l)</u>	<u>928,409</u>
Total liabilities	3,896,038	565,842	(188,969)	(1,817,603)	4,412,138	6,867,446
Shareholders' equity	<u>2,381,901</u>	<u>1,532,436</u>	<u>97,000</u>	<u>80,144</u>	<u>(1,532,436)(m)</u>	<u>2,559,045</u>
Total liabilities and shareholders' equity	<u>\$6,277,939</u>	<u>\$2,098,278</u>	<u>\$ (91,969)</u>	<u>\$ (1,737,459)</u>	<u>\$ 2,879,702</u>	<u>\$9,426,491</u>

See accompanying notes to unaudited pro forma condensed combined financial statements

## Notes to Unaudited Pro Forma Condensed Combined Financial Statements

(a) The unaudited pro forma condensed combined statements of income which reflect CheckFree's results of operations for the year ended December 31, 2006 have been calculated as (i) the respective amounts for the fiscal year ended June 30, 2007, (ii) the subtraction of the respective amounts for the quarters ended March 31, 2007 and June 30, 2007, and (iii) the addition of the respective amounts for the quarters ended March 31, 2006 and June 30, 2006. CheckFree's results of operations for the nine months ended September 30, 2007 have been calculated as the combination of the respective amounts for the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007. Certain reclassifications have been made to the presentation of the historical financial statements of CheckFree in order to conform to the presentation of Fiserv's historical financial statements. These reclassifications had no impact on CheckFree's historical total revenue or income from continuing operations.

For the nine months ended September 30, 2007:

- (1) \$40,226 reported in CheckFree's historical consolidated statement of operations as license fees has been classified as product revenues.
- (2) \$53,751 and \$65,877 reported in CheckFree's historical consolidated statement of operations as maintenance fees and professional fees, respectively, have been classified as processing and services revenues.
- (3) \$90,991 reported in CheckFree's historical consolidated statement of operations as research and development expenses has been allocated to and classified as cost of processing and services \$70,110 and cost of product \$20,881.
- (4) \$74,693 reported in CheckFree's historical consolidated statement of operations as depreciation and amortization expenses has been allocated to and classified as cost of processing and services \$32,647, cost of product \$2,779, and selling, general and administrative expenses \$39,268.
- (5) \$579 reported in CheckFree's historical consolidated statement of operations as equity in net loss of joint venture has been classified as cost of processing and services.

For the year ended December 31, 2006:

- (6) \$41,211 reported in CheckFree's historical consolidated statement of operations as license fees has been classified as product revenues.
- (7) \$46,043 and \$50,417 reported in CheckFree's historical consolidated statement of operations as maintenance fees and professional fees, respectively, have been classified as processing and services revenues.
- (8) \$108,087 reported in CheckFree's historical consolidated statement of operations as research and development expenses has been allocated to and classified as cost of processing and services \$84,043 and cost of product \$24,044.
- (9) \$87,243 reported in CheckFree's historical consolidated statement of operations as depreciation and amortization expenses has been allocated to and classified as cost of processing and services \$36,702, cost of product \$5,027, and selling, general and administrative expenses \$45,514.
- (10) \$2,548 reported in CheckFree's historical consolidated statement of operations as equity in net loss of joint venture has been classified as cost of processing and services.

Certain reclassifications have been made to the presentation of the historical balance sheet of CheckFree to conform to the presentation of Fiserv's balance sheet as of September 30, 2007. These reclassifications, listed below, had no impact on CheckFree's historical total assets, liabilities, or stockholders' equity.

- (1) \$141,182, \$66,392, and \$10,189 reported in CheckFree's historical consolidated balance sheet as settlement assets, investments, and deferred income taxes, respectively, have been classified as prepaid expenses and other current assets.

- (2) \$44,750 and \$69,596 reported in CheckFree's historical consolidated balance sheet as investments and restricted cash and deferred income taxes, respectively, have been classified as other long-term assets.
- (3) \$3,266 and \$74,827 reported in CheckFree's historical consolidated balance sheet as capitalized software, net and strategic agreements, net, respectively, have been classified as intangible assets, net.
- (4) \$137,772 reported in CheckFree's historical consolidated balance sheet as settlement obligations has been classified as accrued expenses and other current liabilities.
- (5) \$12,336 and \$4,277 reported in CheckFree's historical consolidated balance sheet as accrued rent and other and deferred revenue have been classified as deferred income taxes and other long-term liabilities.

(b) The unaudited pro forma condensed combined statements of income presented herein reflect Fiserv Health as discontinued operations as a result of its anticipated sale and do not reflect the anticipated gain resulting from the sale of Fiserv Health. A reduction in interest expense resulting from the use of anticipated sale proceeds primarily for the repayment of long-term debt is reflected in the unaudited pro forma condensed combined statements of income.

(c) To record an elimination adjustment for transactions involving the purchase and sale of services between Fiserv and CheckFree. These adjustments totaled \$8.0 million and \$7.8 million for the year ended December 31, 2006 and nine months ended September 30, 2007, respectively, and were recorded as reductions of processing and services revenue and cost of processing and services.

(d) To record an increase in amortization expense related to the recording of the fair value of acquired identifiable intangible assets, amortized over their estimated remaining useful lives. This preliminary pro forma adjustment has been calculated as the estimated annual amortization minus CheckFree's historical amortization expense, and amortization of developed technology has been allocated to cost of processing and services and amortization of customer relationships has been allocated to selling, general and administrative expenses as follows (in thousands):

	Preliminary Fair Value	Annual Amortization	Estimated Useful Life
Customer relationships	\$ 1,460,000	\$ 97,333	15 yrs.
Developed technology	400,000	40,000	10 yrs.
Tradenames	80,000	—	Indefinite
Total	<u>\$ 1,940,000</u>	137,333	
CheckFree amortization expense (Year ended December 31, 2006)		(45,494)	
Increase in amortization expense (Year ended December 31, 2006)		<u>\$ 91,839</u>	
Pro forma amortization expense (Nine months ended September, 2007)		\$ 103,000	
CheckFree amortization expense (Nine months ended September, 2007)		<u>(38,568)</u>	
Increase in amortization expense (Nine months ended September 30, 2007)		<u>\$ 64,432</u>	

The pro forma adjustment for amortization expense is based on the preliminary purchase price allocation discussed in footnote (l). Changes to the preliminary purchase price allocation including the finalization of appraisals of acquired assets and the finalization of estimated useful lives will result in a change to the pro forma adjustment for amortization expense. There can be no assurance that such finalizations will not result in material changes. Goodwill resulting from the acquisition is not amortized in accordance with the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142").



(e) To record pro forma interest expense on debt incurred to acquire CheckFree. The borrowings incurred to fund the acquisition include the financing of \$30 million of debt issuance costs and \$20 million of acquisition fees and expenses which primarily relate to legal, financial and other professional fees and expenses. The amount of incremental interest expense, calculated below, is based on the expected interest rates on the long-term financing obtained to fund the acquisition. The expected weighted average interest rate of 6.4% includes amortization of debt issuance costs over the life of the related debt, ranging from 5 to 10 years. The pro forma condensed combined statements of income do not assume reductions to interest expense due to principal repayments of the initial borrowings or changes in interest rates. A change in the expected interest rate of 0.125% would impact pro forma income from continuing operations by approximately \$5.6 million on an annual basis. The pro forma adjustment for interest expense is calculated as follows (in thousands):

Borrowings to fund the acquisition	\$ 4,500,000
Expected interest rate	<u>6.4%</u>
Increase in interest expense (Year ended December 31, 2006)	<u>\$ 288,000</u>
Increase in interest expense (Nine months ended September 30, 2007)	<u>\$ 216,000</u>

(f) To record the reduction in incremental interest expense due to the anticipated \$750 million paydown of the existing revolving credit facility and other debt with the anticipated net proceeds from the dispositions of Fiserv ISS and Fiserv Health and the excess \$50 million from the new term loan facility borrowings discussed in footnote (j). Based on assumed interest rates of 5.8% and 5.3%, the reduction of interest expense due to the \$750 million debt paydown is \$32.6 million and \$39.8 million for the nine months ended September 30, 2007 and year ended December 31, 2006, respectively.

(g) To record the income tax provision on the pro forma adjustments based on the applicable statutory federal and state income tax rates.

(h) The unaudited pro forma condensed combined balance sheet reflects the sale of Fiserv Health. The pro forma adjustment to cash and cash equivalents represents the preliminary net proceeds of \$455 million from the sale less cash included in the businesses to be sold of \$29 million and the pro forma adjustment to shareholders' equity represents the preliminary net gain of \$97 million. The unaudited pro forma condensed combined balance sheet does not reflect the estimated final adjustments for changes in net working capital for the disposition of Fiserv Health, which we expect to increase the net proceeds by approximately \$20 million by the time of closing resulting in total anticipated net proceeds of \$475 million.

(i) The unaudited pro forma condensed combined balance sheet reflects the sale of Fiserv ISS. Preliminary net proceeds from the sale of \$250 million are reflected in cash and cash equivalents and the preliminary net gain of \$80 million is reflected in shareholders' equity. These adjustments exclude any anticipated proceeds from contingent cash consideration of up to \$100 million based on achievement of revenue targets over the twelve months subsequent to closing.

(j) To record debt incurred to acquire CheckFree of \$4.5 billion, which includes the financing of \$30 million of debt issuance costs and \$20 million of acquisition fees and expenses, which are discussed in footnote (e) above, and \$50 million to be used for the repayment of debt.

(k) To reflect the use of a portion of the anticipated net proceeds from the dispositions of Fiserv ISS and Fiserv Health and the excess \$50 million from the new term loan facility borrowings discussed in footnote (j) to repay \$750 million of the existing revolving credit facility and other debt.

(l) To adjust the historical assets and liabilities of CheckFree, to record goodwill, intangible assets and deferred income taxes associated with the acquisition and to reverse CheckFree's historical goodwill and

intangible assets. The pro forma adjustments to intangible assets and goodwill represent the difference between the preliminary allocation of purchase price and the amounts on CheckFree's balance sheet at September 30, 2007. The preliminary allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated relative fair values is as follows (in thousands):

Acquisition of 100% of CheckFree's issued and outstanding common stock	\$ 4,400,000
Acquisition fees and expenses	20,000
<b>Preliminary purchase price</b>	<b><u>\$ 4,420,000</u></b>
Current assets	\$ 587,000
Property and equipment, net	143,636
Intangible assets, net	1,940,000
Goodwill	2,850,849
Other long-term assets	126,495
Current liabilities	(445,169)
Long-term debt	(75,300)
Deferred income taxes	(664,422)
Other long-term liabilities	(43,089)
<b>Preliminary purchase price</b>	<b><u>\$ 4,420,000</u></b>

The preliminary allocation of purchase price is based on a preliminary assessment of the fair values of the assets acquired and liabilities assumed in the acquisition and does not reflect final appraisals of assets acquired or final evaluation of all liabilities assumed in the acquisition. Goodwill is generated to the extent that the purchase price exceeds the fair value of the net assets acquired. The preliminary assessment of fair value resulted in goodwill of \$2.85 billion, which will be subject to periodic impairment testing, in accordance with SFAS 142. The preliminary assessment of the fair values of CheckFree's intangible assets are based on projections of expected future net cash flows, discounted to present value. Other assets and liabilities are valued at their historical book value. These and other preliminary estimates will change as additional information becomes available and is assessed by Fiserv.

(m) To eliminate CheckFree's historical shareholders' equity.