

2003

Annual Report

ChoicePoint 

*Our Mission Is To Be  
The World's Most Admired  
Information Company*



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## FINANCIAL HIGHLIGHTS <sup>(a)</sup>

| (In thousands, except per share and employee data)  | 2003       | 2002      | 2001      | 2000      | 1999      |
|---|------------|-----------|-----------|-----------|-----------|
| Revenue from products and services  | \$ 750,351 | \$690,803 | \$602,648 | \$547,618 | \$462,255 |
| Reimbursable expenses   | 45,395     | 38,520    | 38,028    | 37,392    | 38,131    |
| Total revenue   | 795,746    | 729,323   | 640,676   | 585,010   | 500,386   |
| Operating income <sup>(b)</sup>   | 178,560    | 182,522   | 111,314   | 83,481    | 76,238    |
| Other operating charges and (loss)<br>gain on sale of business included<br>in operating income above <sup>(b)</sup> | (30,942)   | (7,342)   | (28,718)  | (28,419)  | 513       |
| Income from continuing operations   | 108,108    | 107,672   | 45,702    | 40,166    | 38,200    |
| EPS from continuing operations, diluted   | 1.21       | 1.21      | 0.52      | 0.48      | 0.47      |
| Total assets  | 1,021,284  | 979,010   | 832,392   | 704,439   | 667,780   |
| Debt  | 52,029     | 182,446   | 158,816   | 142,276   | 187,790   |
| Total shareholders' equity  | 790,495    | 622,607   | 484,821   | 401,069   | 319,309   |
| Employees (full-time equivalents)   | 3,700      | 4,400     | 4,200     | 4,200     | 4,000     |

(a) All financial information has been restated to reflect the merger of ChoicePoint and DBT Online, Inc. in 2000, which has been accounted for as a pooling of interests, the stock splits paid in the form of stock dividends effective November 24, 1999, March 7, 2001 and June 6, 2002, and the discontinued operations related to the sale of CP Commercial Specialists as of February 28, 2003.

(b) Included in operating income are (loss) gain on sale of business and other operating charges which include merger-related costs, unusual items and realignment charges that management excludes in its assessments of operating results and in determining operational incentive awards.

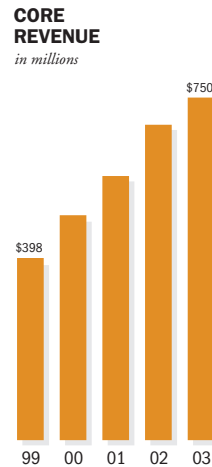
## BUSINESS DESCRIPTION

ChoicePoint provides information solutions to mitigate the risks that threaten so many facets of our personal and business lives. Capitalizing on robust data and unique databases – and technological expertise to analyze that data and add intelligence to it – ChoicePoint is a leading provider of identification and credential verification services to business, government and individual customers. By transforming data into Actionable Intelligence<sup>®</sup>, ChoicePoint helps those customers reduce risk and better manage business relationships.

ChoicePoint common stock trades on the New York Stock Exchange (NYSE) under the symbol CPS.

ChoicePoint, headquartered in the Atlanta area, is organized into three business segments: Insurance Services, Business & Government Services and Marketing Services. Insurance Services includes the Property & Casualty (P&C) Personal Lines and Property & Casualty Commercial Lines businesses. Business & Government Services includes the WorkPlace Solutions, Public Records and Nursery businesses. Marketing Services includes the ChoicePoint Precision Marketing businesses.

*2003 was another very good year for ChoicePoint. Despite tough conditions in several markets, we delivered strong financial results while significantly upgrading our capabilities and making tremendous progress against our key long-term growth initiatives.*



**Strong Financial Results**

Notwithstanding the collapse of the email marketing industry, tough legislative and economic challenges facing our VitalChek® business and difficult homeland security comparisons from our successes in the prior year, we still grew core and total revenues by 9 percent and income from continuing operations before other operating charges by 13 percent. This growth was once again led by our Insurance Services segment, which has now posted 17 consecutive quarters of double-digit core revenue growth.

We delivered a 39 percent increase in free cash flow and a 22 percent increase in cash flow from operations, demonstrating the strength of our earnings and our ability to effectively manage our capital investments. Additionally, we strengthened our already strong balance sheet, finishing the year with net debt to capital of 4 percent and generating an exceptional return on equity of 20 percent for the year.

I'm very proud that we've now grown core revenues at a compounded rate of 19 percent and earnings per share from continuing operations by 21 percent over the past five years. And, while our stock return trailed industry benchmarks

for the first time in 2003, we've grown at a compounded rate of 19 percent since 1998, significantly outpacing the major indices. Rest assured that the ChoicePoint team is focused on absolute performance...not relative performance... and that we're more focused than ever on delivering shareholder value.

**Enhanced Data and Technology Capabilities**

Looking beyond our financial performance, we significantly enhanced our core capabilities this past year. ChoicePoint competes on data, analytics and technology in the markets we serve. During this past year, we strengthened our position in each of these areas.

Through acquisitions we gained access to important new sources of data, giving us a competitive advantage and scale in our operations. Our National Data Retrieval acquisition enabled us to dramatically increase our civil record retrieval capabilities while MARI (Mortgage Asset Research Institute, Inc.) brought us access to a contributory fraud-detection database for the mortgage industry. And our Bridger Systems acquisition

*“I’m very proud that we’ve now grown core revenues at a compounded rate of 19 percent and earnings per share from continuing operations by 21 percent over the past five years.”*



Doug C. Curling  
*President and Chief Operating Officer*

brought us new search technologies and access to watch lists, which, combined with our public records strengths, has enabled us to offer our financial services customers industry-leading USA PATRIOT Act compliance solutions.

Finally, during this past year, we achieved two major technology milestones. First, we opened our new data center in a 200,000-square-foot office building adjacent to our present headquarters facility. This state-of-the-art, fully redundant facility will initially service both our P&C Personal Lines and

WorkPlace Solutions customers and will ultimately house other operations. Second, we completed our multi-year public records platform transformation that positions this team for the rapid vertical product development that their next set of growth initiatives demand.

#### **Significant Progress Against Key Growth Initiatives**

During this past year, we also made tremendous progress in positioning the Company for sustainable growth beginning in 2004 through our focus on developing new products, expanding our presence in key growth markets and positioning ChoicePoint to capture longer-term growth opportunities in emerging areas.

Importantly, we significantly strengthened our new product pipeline and received strong revenue contributions. New products accounted for 32 percent of our total growth this past year, including contributions from over 20 products. Today we have the strongest new product pipeline in the Company’s history. While most of our businesses benefited from new product successes, this was most evident in our P&C Personal Lines and WorkPlace Solutions units.

In P&C Personal Lines, we continued our string of successful new product innovations with the launch of Current Carrier®, MVR Activity Files and PolicyWatch<sup>SM</sup> over the past couple of years. Of note, Current Carrier, a product that helps insurers identify lapses in applicant coverage, reached critical mass during the year with over half of the largest 20 carriers now contributing data and is positioned to be a strong growth contributor for us over the next few years.

## TO OUR SHAREHOLDERS

In our WorkPlace Solutions businesses, our National Criminal File product had another standout year, providing employers with a fast, cost-efficient product to identify criminal convictions across the 50 states. Additionally, the ScreenNow® product increased its penetration of the small- to mid-sized company-screening market, a significant long-term opportunity for us.

In addition to these new product successes, we also used our unique capabilities to expand our share leadership in key markets such as WorkPlace Solutions while using acquisitions to strengthen our market presence in newer markets for us such as tenant screening and mortgage broker credentialing.

We also made important foundational progress in emerging business opportunities such as homeland security and our consumer initiatives. While our homeland security revenues were lower this past year due to our exceptional success in 2002, I couldn't be more pleased with how we're positioned to capture growth when funding is eventually released into this market. And while still in its infancy stage, our consumer initiatives grew as we released a number of consumer-focused products this past year, including a partnership with Yahoo! HotJobs that enables job seekers to perform self checks to differentiate themselves in the job market.

### Final Thoughts

Exceptional free cash flow. High levels of recurring revenue growth. Strong operating leverage. High returns on capital. Sound balance sheet. Since our founding, these attributes have become hallmarks of ChoicePoint. Heading into 2004, the ChoicePoint team remains focused on delivering strong results against these key metrics.

Given the significant progress we've made this past year in upgrading our capabilities and developing our key long-term growth drivers, we enter 2004 with a renewed sense of optimism about the opportunities that lie ahead.

The next several pages of this report elaborate on the broader mission for ChoicePoint. While ChoicePoint will always be managed to build value for its shareholders, we have a unique opportunity to use our capabilities and market position for the good of society and to play a leading role in helping others use the positive power of information in their everyday lives.

In closing, I'm very proud of the efforts and determination from the 3,700 associates that make ChoicePoint a great place to work for all of us. And, as always, I appreciate the ongoing support of our shareholders. I look forward to a great year in 2004 and to updating you on our progress.

Sincerely,



Doug C. Curling,  
*President and Chief Operating Officer*

March 11, 2004

*We believe success is a journey, not a destination. In this spirit, our organizational mission is to be the most admired information company in the world. This mission starts with being financially sound, so that we can serve our customers and reward our shareholders. To do so, we must create one of the best places to work in order to retain and attract the best talent. To be truly successful, we believe we must also use our unique capabilities and expertise to be a demonstrated leader in social contribution and promote the positive power of information. Combined, these four objectives will enable us to realize ChoicePoint's ultimate vision – to create a safer and more secure society through the responsible use of information.*

*1. We will be the most valuable corporation in our industry to reward shareholders and to assure that we have the financial resources to continue our growth.*

The ability to meet the needs of customers and to enhance our leading market positions requires financial soundness, flexibility and continued superior performance. This begins with a business model that has the strategic advantage of combining an unmatched breadth and depth of data with technology, analytics and distribution. This integrated approach positions the Company as a supplier of choice in the marketplace and creates an attractive set of financial fundamentals – recurring revenues, high incremental margins and exceptional cash flow. These attributes combined with relatively low capital requirements have enabled us to produce consistently strong earnings performance and high returns

on capital. And with a low debt-to-capitalization ratio and high levels of free cash flow, we are very well positioned to fund our growth, whether through investments in new products, technology initiatives or acquisitions.

To drive shareholder value, our internal focus continues to be on improving economic value added (EVA). We do this by profitably growing revenues. We also increase EVA by maintaining tight financial discipline over spending and managing our capital to ensure we're getting the expected returns on our investments.

This framework has been a great guiding tool for us since our founding, and has enabled us to grow our market capitalization from \$500 million to over \$3 billion during this short period.

From a financial perspective, the most admired information company in the world fields the best business model for sustainable long-term growth and value creation. We are convinced that the foundation for this is in place today.

*3. We will be a demonstrated leader in societal contribution, to reaffirm our recognition that a corporation must be a positive force in today's society.*

ChoicePoint is uniquely positioned to utilize our resources to help create a safer, more secure society. This is most visible in our work with government agencies and non-profit organizations. Sometimes, this is a high-profile effort, such as our role in helping police identify and locate suspects in the Washington, D.C., sniper case. But more often than not, it is a day-in, day-out effort that rarely attracts a headline, but always furthers the cause of safety.

Such is the case with *VolunteerSelect*<sup>SM</sup>, an initiative launched last year by our ChoicePoint Cares group. In the past year, this Web-based tool has screened more than 450,000 volunteers who work for non-profit organizations that serve children and other vulnerable populations. ChoicePoint Cares subsidizes the cost of the program to provide organizations with an affordable and effective means to help ensure the safety of children. The numbers validate the need for background checks. More than 11,000 undisclosed felony-level convictions were identified among the volunteers screened to date through ChoicePoint's National Criminal File. It is estimated that over 2.5 million children have benefited from the service in the past year, including those that are served by organizations such as the Boys and Girls Club of America, numerous Catholic dioceses and the American Red Cross.

*VolunteerSelect* is just one of several initiatives that ChoicePoint Cares has deployed to put the positive power of information to work for society at large. Over \$250,000 has been raised, primarily from individual ChoicePoint associates, to help the National Rape Evidence

Project fund DNA testing of backlogged rape and homicide evidence collection kits to help solve and ultimately reduce the incidence of rape cases in the United States.

And, we are exceptionally proud of our work with the National Center for Missing and Exploited Children®. Since 2000, ChoicePoint has been involved with the recovery of more than 800 missing children. We also support The Georgia Innocence Project, to whom we are providing DNA testing to help free wrongly convicted prison inmates.

From a societal perspective, an admired company is one that understands good business does not always involve just business. Good business embraces a sense of social responsibility, a generous spirit and a commitment to community. In this respect, good business is paramount to ChoicePoint's success.



## 2. *We will be one of the best places to work, to assure that we can attract and retain the talented people we need.*

Though we are an organization measured frequently by bytes and bits, we know the best measure of our Company is our people. Whether it is selling products or writing code, the talent of our associates is the link between the data and the marketplace. To be the market leader, you must have the best people. This explains ChoicePoint's relentless commitment to building an exceptional team of associates and maintaining a unique culture.

We define our culture by the acronym FOCUS – fun loving, open, committed, unselfish and standard setting. In fun-loving environments, people enjoy coming to work and can do their best work. Open summarizes our approach to communication – there is access to all levels of the organization; opinions, ideas, feedback and constructive criticism are encouraged. Committed means that our word is good; we value integrity. Unselfish acknowledges that we care about things bigger than ourselves. It is exemplified by everything we do through ChoicePoint Cares, our giving arm. And finally, standard setting means we constantly strive for success and settle for nothing less. Our FOCUSed culture will continue to propel us toward achieving our mission and vision.

When it comes to people and culture, *actions* speak louder than words. Our actions are probably most evident in our approach to employee communication, professional development and benefits and compensation.

The foundation of our employee communication efforts is ongoing feedback. Research by The Gallup Organization has found a high correlation between an organization's performance and the level of engagement of its workforce. During this past year, our employee engagement scores revealed an exceptionally high level of engagement and alignment with the core mission of the Company. One of the ways we foster this open communication environment is through frequent interaction between the senior management team and associates including access to the CEO through an intranet "chat room," and regular face-to-face and satellite briefings throughout the Company.

One of the messages we heard from our associates this year is that they wanted more flexible benefits and compensation to fit their personal lifestyle needs. Late in 2003, we addressed this feedback with a series of enhancements to our benefits and compensation packages, which reflect a core belief in encouraging a healthy balance of work, family and personal interests.

We also place tremendous value on professional development as evidenced by initiatives such as formal mentoring programs, continuing education and pioneering distance learning programs, which have dramatically increased the level of training and enabled us to share views with one another much more effectively.

Our success in this area has led to numerous awards over the past few years. Most recently, we were named Best Employer Overall in the 2003 Women in Technology's Best Employers in Georgia competition.

The true measure of ChoicePoint's success is the success of our people, which drives our long-term financial performance and our ability to use our resources for the good of society.



*4. We will be a leader in the responsible use of information to assure that we strike the proper balance between society's right to know and the individual's right to privacy.*

The issues of privacy and the responsible use of information have clearly moved back to center stage after a quiet period following the terrorist attacks, corporate governance issues and high-profile crimes of the past three years. While Americans are increasingly sensitive to risk, the need for a national discussion about the proper role of information and technology to help create a safer, more secure world is greater than ever. Society's discussion of these issues has grown to encompass not only an individual's right to privacy, but also society's right to protect itself. We have long maintained that one issue cannot be discussed without the other. That a balance can, and must, exist does not require the

loss of civil liberties to preserve civil defense. Instead of debating *if* information should be available, we must focus on what information is legitimate and essential, how it should be used, and by whom.

As the thought leader on these issues, we must acknowledge the risks of inappropriate information use as well as the limitations of technology. There can be negative consequences to the irresponsible use of otherwise valuable data. It's also fair to state that information tools are part of the overall solution needed to reduce risk to individuals and society at large – not the only solution.

To truly be the most admired information company, it is our responsibility to contribute to this discussion. Not just by calling for a dialogue, but affirmatively proposing solutions such as a set of decision rules for information use and advocating a discussion framework. While the outcome of any serious discussion of the responsible use of information may create opportunities for ChoicePoint, more importantly it can have a profound impact on everyone's safety and quality of life.



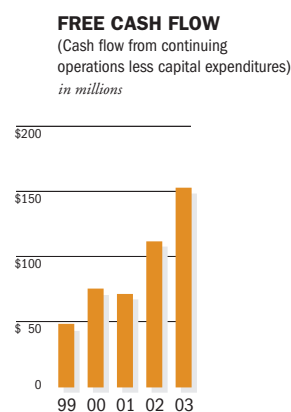
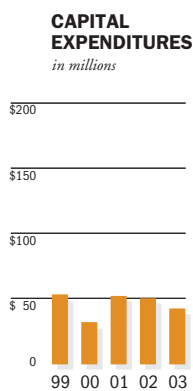
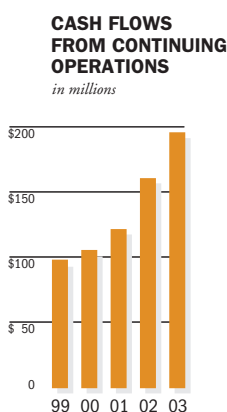
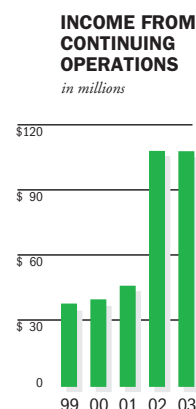
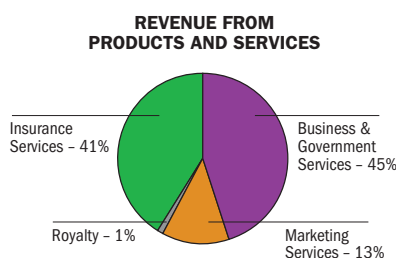
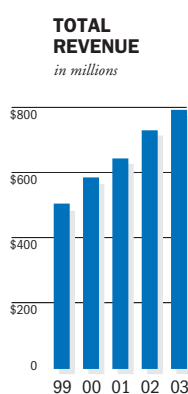


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*ChoicePoint is committed to full disclosure of its accounting policies. For instance, as of December 31, 2003, the only off-balance sheet assets or liabilities are two synthetic leases on the properties of the Company's corporate headquarters. Similarly, ChoicePoint employees may direct their contributed retirement funds to a variety of investment vehicles, only one of which is ChoicePoint stock. Shareholders who have any questions or concerns about corporate policies, governance and/or disclosure are encouraged to contact the Company's Investor Relations office. ChoicePoint has established a toll-free telephone number to receive complaints about accounting, internal accounting controls, auditing or other legitimate concerns anonymously. The whistleblower hotline number is 800-762-0056.*

**Overview**

Over the past six years, ChoicePoint Inc. ("ChoicePoint" or "the Company") has transformed from a predominantly manually-driven and insurance customer-focused asset base into the diversified, technology driven, data intensive business it is today. This transformation, coupled with strong execution, has enabled the Company to deliver strong growth in revenue, earnings and cash flows. Given our unique data and analytical and distribution capabilities, ChoicePoint is the leading provider of identification and credential verification services for making smarter decisions in a world challenged by increased risks. Serving the needs of business, government, non-profit organizations and individuals, ChoicePoint works to create a safer and more secure society through the responsible use of information while ensuring the protection of personal privacy. For more information, visit the Company's Web site at [www.choicepoint.com](http://www.choicepoint.com).

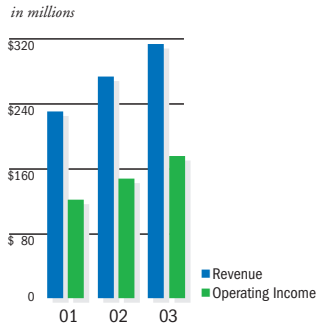


Across our markets, we compete on data, analytics and distribution. A majority of our revenue streams are transaction based, earning revenue each time our databases are accessed and further promoting the scalability of our products and services.

| (In thousands)                          | 2003             | 2002             | Change    | 2001             | Change     |
|---|------------------|------------------|-----------|------------------|------------|
| Core Revenue <sup>(a)</sup>             | \$750,351        | \$690,731        | 9%        | \$578,405        | 19%        |
| Divested and discontinued product lines | -                | 72               |           | 24,243           |            |
| Revenue from products and services      | 750,351          | 690,803          |           | 602,648          |            |
| Reimbursable expenses per EITF 01-14    | 45,395           | 38,520           |           | 38,028           |            |
| <b>Total Revenue</b>                    | <b>\$795,746</b> | <b>\$729,323</b> | <b>9%</b> | <b>\$640,676</b> | <b>14%</b> |

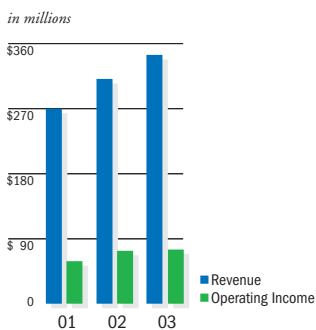
(a) Core revenue represents revenue from continuing business lines and is used by management to assess and manage its ongoing businesses and to determine operational incentive awards.

**Insurance Services**



Consistent with historical trends, Insurance Services continued to be our top performer in 2003, achieving 14.4% total revenue growth over 2002. During 2003, we helped property and casualty (“P&C”) auto and property insurers assess underwriting risk in more than 115 million renewal or new policy transactions through industry-leading data and analytical solutions. New product offerings such as Current Carrier®, PolicyWatch<sup>SM</sup> and additional motor vehicle registry (“MVR”) activity files, add to our strong product portfolio servicing the personal lines P&C market. Our MVR activity file product continues to generate solid growth, providing a low cost alternative for insurance companies to price risk. Further expanding our services to the P&C insurance industry, our Insurity operations provide industry-leading software solutions and business process outsourcing services to help our customers solve complex business challenges and better focus on managing their businesses around their core competencies.

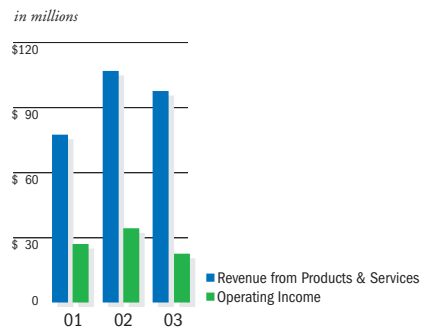
**Business & Government Services**



During 2003, the Business & Government Services segment’s (“B&G”) team successfully grew market share, expanded the number of industries serviced, completed acquisitions and rolled-out new products, enabling them to deliver 10% total revenue growth. Additionally, the team quickly responded to changes in revenue streams due to the impact of economic pressures on its customers and exceptional \$20 million of homeland security revenues in 2002 that compared to \$10 million in 2003. They also effectively controlled costs in areas impacted by the economy, positioning the B&G businesses well for the future. The WorkPlace Solutions business screened job applicants for over 20,000 companies, identifying over 300,000

individuals with criminal records, and continued to benefit from the success of our National Criminal File and ScreenNow<sup>®</sup> products. This unit continues to look for opportunities to expand its offerings to alert and monitoring services that position the Company to service the ongoing employee management needs of its customers that are less sensitive to macro-economic hiring trends. During 2003, we further expanded our tenant screening business to include almost all of the major U.S. apartment markets – growing from approximately 400,000 units serviced in 2002 to nearly one million units serviced in 2003. Our public records unit continues to assist local, state and federal government agencies to accelerate investigations and locate individuals of interest through our access to more than 17 billion public records. The public records group also continues to expand its offerings to non-governmental customers, including the financial services industry with such products as LienGuard<sup>®</sup>, DEBTOR Discovery<sup>SM</sup> and several customer enrollment/USA PATRIOT Act solutions. The other offerings in B&G include our VitalChek<sup>®</sup> vital records network which rolled out identification authentication solutions in 2003, Bode Labs, our forensic DNA lab, our consumer team and our “nursery” group which focuses on research and development including utilizing biometric technology to improve credentialing and verification applications.

**Marketing Services**



During the last half of 2003, the Marketing Services (“Marketing”) segment experienced softness in demand for our print and e-mail product offerings resulting in a 9% decline in revenue from products and services and a 2% decline in total revenue including reimbursable expenses. In response to this softness in demand and the impact of proposed anti-SPAM legislation, the Company reengineered certain of our direct marketing businesses, managing costs, downsizing our e-mail business, focusing on our competitive strengths and better positioning Marketing Services for long-term growth opportunities given the current economic and regulatory environment. The “Do Not Call” legislation introduced in 2003 initially impacted our teleservices business as our customers adjusted their processes to comply with the new legislation. Toward the end of 2003, we began to see increased demand for teleservices as lists and selling efforts conformed to new requirements and customers sought out more reliable providers.

**Royalty**

Royalty revenue from laser technology patents held by the Company decreased to \$5.1 million in 2003 primarily due to consolidations in the industries served by these patents and the development of new technologies. The remaining patents underlying this revenue expire between November 2004 and May 2005 (see Note 3 to the Consolidated Financial Statements).

**Discontinued Operations and Divested and Discontinued Product Lines**

In February 2003, the Company sold its CP Commercial Specialists ("CPCS") business for \$87.0 million in cash, culminating our efforts to exit the highly manual, labor intensive businesses that characterized the Company in its early existence. Due to changes in accounting rules in 2002, CPCS is reported as discontinued operations and its revenues and operating results are excluded from continuing operations

and from the discussions that follow (see Note 4 to the Consolidated Financial Statements for CPCS results). The gain on sale of CPCS was approximately \$32.9 million net of taxes. Divested and discontinued product lines referenced below primarily include the operating results from the laboratory services business sold in August 2001.

**Financial Results**

The fundamentals that drive revenues are numerous and varied across and within our business segments. On a macro level, low unemployment, a changing regulatory environment and new initiatives, such as homeland security, contribute to enhanced opportunities for ChoicePoint.

The following table provides additional details of revenues from products and services (and total revenues including reimbursable expenses for Marketing) and operating income included in the consolidated statements of income (in thousands):

|   | December 31, 2003 |                  | December 31, 2002 |                  | December 31, 2001 |                  |   |
|---|-------------------|------------------|-------------------|------------------|-------------------|------------------|---|
|   | Revenue           | Operating Income | Revenue           | Operating Income | Revenue           | Operating Income | Unaudited Pro forma Operating Income <sup>(a)</sup> |
| Insurance Services  | \$309,124         | \$172,518        | \$270,282         | \$144,639        | \$227,727         | \$119,407        | \$120,507   |
| B&G   | 339,483           | 71,080           | 308,761           | 69,424           | 267,409           | 45,089           | 56,203  |
| Marketing revenue from products and services                      | 96,642            | 21,849           | 105,833           | 32,866           | 76,461            | 22,185           | 26,391  |
| Reimbursable expenses   | 45,395            | -                | 38,520            | -                | 38,028            | -                | -   |
| Marketing total revenue   | 142,037           | 21,849           | 144,353           | 32,866           | 114,489           | 22,185           | 26,391  |
| Royalty   | 5,102             | 2,068            | 5,855             | 3,326            | 6,808             | 4,400            | 4,400   |
| Divested and discontinued   | -                 | -                | 72                | (206)            | 24,243            | (1,771)          | (968)   |
| Corporate and shared  | -                 | (58,013)         | -                 | (60,185)         | -                 | (49,278)         | (49,278)  |
| Total before other operating charges and loss on sale of business | 795,746           | 209,502          | 729,323           | 189,864          | 640,676           | 140,032          | 157,255   |
| Other operating charges   | -                 | (30,942)         | -                 | (7,342)          | -                 | (17,865)         | (17,865)  |
| Loss on sale of business  | -                 | -                | -                 | -                | -                 | (10,853)         | (10,853)  |
| Totals from operations  | \$795,746         | \$178,560        | \$729,323         | \$182,522        | \$640,676         | \$111,314        | \$128,537   |

<sup>(a)</sup> Unaudited pro forma operating income represents operating results as if the discontinuation of goodwill amortization was effective January 1, 2001.

|                         | <b>Comparison of 2003 with 2002<br/>Consolidated Results</b>  | <b>Comparison of 2002 with 2001<br/>Consolidated Results</b>  |
|-------------------------|---|---|
| <b>Revenue</b>          | <p><b>Total Revenue</b> grew 9%, or \$66.4 million, to \$795.7 million in 2003.</p> <p><b>Core Revenue</b>, which excludes revenue from reimbursable expenses and divested and discontinued product lines, grew 9% or \$59.6 million to \$750.4 million in 2003. Revenue growth in 2003 resulted primarily from unit growth in our Insurance Services segment, base B&amp;G business and revenues from the eleven acquisitions we completed during 2003 and the fourth quarter of 2002. This revenue growth was offset by difficult homeland security comparables to 2002 in our B&amp;G segment and softness in our print and e-mail direct marketing product lines. Excluding acquisitions, internal revenue growth was 2% in 2003.</p>   | <p><b>Total Revenue</b> grew 14%, or \$88.6 million, to \$729.3 million in 2002.</p> <p><b>Core Revenue</b> grew 19% or \$112.3 million to \$690.7 million in 2002, which excludes \$24.2 million of revenue from our laboratory services business sold in August 2001. Revenue growth in 2002 was primarily driven from strong unit performances in all Insurance Services, contributions from our homeland security initiatives in our B&amp;G product lines and acquisitions in our Marketing Services segment. Excluding acquisitions, internal revenue growth was 11% in 2002.</p>   |
| <b>Operating Income</b> | <p><b>Operating Income</b> decreased slightly from \$182.5 million in 2002 to \$178.6 million in 2003 due to \$30.9 million of 2003 other operating charges. These charges relate to the consolidation of some of our operations to better streamline customer service and operating performance, the re-engineering of our direct marketing business to focus on future growth areas and the realignment of our technology infrastructure and operations following the divestiture of our CPCS business and transition to our new data center. Operating income in Insurance Services and B&amp;G improved primarily due to increased revenues and cost control initiatives employed in our more economically sensitive B&amp;G businesses which experienced no revenue growth. Without the revenue and related operating income decline in our Marketing Services segment, we would have realized a 190 basis point improvement in operating margins from our ongoing operations as the highly scalable nature of our operations enable us to improve margins as revenues expand.</p> | <p><b>Pro forma Operating Income</b> (excluding goodwill amortization in 2001) increased 42% from \$128.5 million in 2001 to \$182.5 million in 2002. Operating income including goodwill amortization in 2001 improved 64% from \$111.3 million in 2001 to \$182.5 million in 2002. 2001 operating income includes the \$10.9 million loss on sale of our laboratory services business and a \$17.9 million other operating charge primarily related to the integration of our public records business after the merger with DBT Online, Inc. ("DBT") in 2000 and asset impairments. 2002 operating income includes an other operating charge of \$7.3 million related to asset impairments and the write-down of minority investments in start-up companies. Operating income from the business segments is primarily due to the strong revenue performance discussed above, the introduction of higher margin products and our continued focus on improving cost efficiencies, offset slightly by increased investment in new business initiatives and resources to support the growth of the Company.</p> |

|                         | <b>Comparison of 2003 with 2002<br/>Consolidated Results</b>   | <b>Comparison of 2002 with 2001<br/>Consolidated Results</b>  |
|-------------------------|--|---|
| <b>Interest Expense</b> | Interest expense decreased \$4.7 million to \$3.1 million in 2003 due to lower interest rates and our ability to capitalize on our increased earnings and our strong cash position to significantly reduce borrowings. | Interest expense decreased \$2.7 million to \$7.8 million in 2002 as a result of lower average outstanding debt combined with lower average interest rates due to the expiration of a high interest rate swap (see Note 5 to the Consolidated Financial Statements).  |
| <b>Income Taxes</b>     | Income taxes for continuing operations for 2003 and 2002 were provided at the effective rate of 38.4%.   | Income taxes for continuing operations for 2002 were provided at the effective rate of 38.4%, a decrease from the effective rate of 54.7% in 2001. The 2001 tax provision includes \$10.5 million related to the sale of our laboratory services business. Excluding the impact of the sale, the effective rate in 2001 was 39.9%, slightly higher than 2002 due to non-deductible goodwill amortization. |

### Cash Flow and Liquidity Review

#### Capital Resources

The Company's sources of capital include, but are not limited to, cash from continuing operations, amounts available under credit facilities and other bank borrowings, the issuance of equity securities and other external sources of funds. ChoicePoint's short-term and long-term liquidity depends primarily upon its level of net income, working capital management (accounts receivable, accounts payable and accrued expenses) and bank borrowings. We believe that available short-term and long-term capital resources are sufficient to fund capital expenditures and working capital requirements, scheduled debt payments, interest and tax obligations for the next twelve months. We currently estimate 2004 capital expenditures will be approximately \$50 – \$55 million. However, any material variance of our operating results from our projections or investments in or acquisitions of businesses, products, or technologies could require us to obtain additional equity or debt financing.

The Company uses cash generated to invest in growing the business and to fund acquisitions and operations. Therefore, no cash dividends have been paid and we do not anticipate paying any cash dividends on our common stock in the near future. The Company may desire to obtain additional long-term financing for other strategic reasons. We anticipate no difficulty in obtaining long-term financing based on favorable experiences in the debt market in the recent past. ChoicePoint may also utilize lines of credit with two banks for overnight borrowings; however, no such borrowings were outstanding at December 31, 2003 or 2002.

At December 31, 2003, there were no borrowings under the Company's \$325 million unsecured revolving credit facility ("Credit Facility") which expires in May 2005. Borrowings under the Credit Facility were \$95.0 million at December 31, 2002. In July 2001, to obtain an additional source of financing, the Company and certain of its subsidiaries entered into an agreement (the "Receivables Facility") with a financial institution whereby it may sell on a continuous basis, an undivided interest in all eligible trade accounts receivable subject to limitations up to \$100 million. Net proceeds from the Receivables Facility were \$50.0 million at December 31, 2003 and \$85.0 million at December 31, 2002. At December 31, 2003, we had approximately \$375 million of available capacity under these facilities.

The Credit Facility contains covenants customary for facilities of this type. Such covenants include limitations, in certain circumstances, on the ability of the Company and its subsidiaries to (i) effect a change of control of the Company, (ii) incur certain types of liens, and (iii) transfer or sell assets. The Credit Facility also requires compliance with financial covenants, including (i) maximum leverage and (ii) minimum fixed charge coverage. We have maintained compliance with these financial covenants.

### Contractual Obligations and the Related Future Payments

| (In thousands)                         | Total     | Payments Due by Period |          |          |            |
|--|-----------|------------------------|----------|----------|------------|
|  |           | 2004                   | 2005     | 2006     | Thereafter |
| Debt*                                  | \$ 51,970 | \$50,140               | \$ 145   | \$ 155   | \$ 1,530   |
| Capital lease obligations              | 59        | 54                     | 5        | —        | —          |
| Operating leases and other commitments | 58,229    | 15,870                 | 13,468   | 10,110   | 18,781     |
| Total contractual cash obligations     | \$110,258 | \$66,064               | \$13,618 | \$10,265 | \$20,311   |

Interest and tax pay payments totaling \$84.9 million were made in 2003. Similar payments are expected in future years.

\*Excludes a \$4.4 million liability related to the fair market valuation of our interest rate swaps discussed below.

#### Off-Balance Sheet Items

In 1997, the Company entered into a \$25 million synthetic lease agreement for our headquarters building. In 2001, the Company entered into another synthetic lease agreement for up to \$48 million, as amended, to finance the construction of our data center facility that was completed in the second quarter of 2003. Both leases expire in 2007, at which time we have the following options for each lease: renew the lease for an additional five years, purchase the building for the original cost or remarket the property. If we elect to remarket the property, ChoicePoint must guarantee the lessor 80% to 85% of the original cost.

The Company has accounted for the synthetic leases as operating leases and has recorded rent expense. During 2003, we modified our \$48 million synthetic lease to, among other things, continue to qualify for off-balance sheet treatment in accordance with the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." If the Company had elected to purchase the properties instead of entering into the synthetic leases, total assets and debt would have increased by \$67.3 million at December 31, 2003 and we would have recorded additional depreciation expense of approximately \$1.7 million (\$1.0 million after tax) related to the synthetic leases for 2003.

#### Derivatives

Derivative financial instruments at December 31, 2003 consist of four interest rate swap agreements entered into to reduce the impact of changes in a benchmark interest rate (LIBOR) on the Company's LIBOR-based payments on the Company's synthetic leases. At December 31, 2003, the total

notional amount under these swap agreements was \$67 million and they involve the receipt of a variable rate and payment by ChoicePoint of fixed rates between 4.6% and 6.5%. ChoicePoint has designated all of these swaps as cash flow hedges of the variability in expected future interest payments on \$67 million of borrowings. Amounts currently due to or from interest rate swap counterparties are recorded as expense in the period in which they accrue. The Company does not enter into derivative financial instruments for trading or speculative purposes. As of December 31, 2003, the fair value of the outstanding interest rate swap agreements was a liability of \$4.4 million which has been recorded net of taxes in accumulated other comprehensive loss in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (see Notes 3 and 5 to the Consolidated Financial Statements). The Company had a fifth interest rate swap agreement with a notional amount of \$125 million to limit the effect of changes in the benchmark interest rate (LIBOR) on \$125 million of the Company's borrowings. This swap agreement was also designated as a cash flow hedge and expired in August 2002.

#### Interest Rate Risk Management

As of December 31, 2003, \$67.3 million is outstanding under the synthetic lease agreements, of which \$67.0 million of LIBOR-based payments are hedged with the swap agreements. In addition, \$50.0 million is outstanding under the Receivables Facility. Based on the Company's overall interest rate exposure at December 31, 2003, a 1% change in interest rates would result in a change in annual pretax interest expense of approximately \$500,000 based on our current level of borrowing.

| Summary of Cash Activities     | 2003   | 2002  | 2001  |
|--------------------------------|--|---|---|
| <b>Primary Sources of Cash</b> | Cash from continuing operations of \$194.3 million and cash proceeds from the sale of CPCS of \$87.0 million less approximately \$28.3 million of applicable taxes on the sale.  | Cash from continuing operations of \$158.7 million and \$85.0 million of borrowings under the Receivables Facility.   | Cash from continuing operations of \$120.7 million, cash proceeds of \$49.0 million from the sale of our laboratory services business and \$16.0 million of net borrowings under our former credit facility.                                    |
| <b>Primary Uses of Cash</b>    | Acquisitions totaled \$93.6 million in 2003, capital expenditures primarily for hardware, software, databases and R&D initiatives were \$41.9 million and net debt repayments totaled \$130.4 million.   | Acquisitions totaled \$187.0 million in 2002, capital expenditures primarily for hardware, software and databases were \$49.0 million and net debt repayments under the credit facilities were \$60.0 million.  | Acquisitions totaled \$154.3 million in 2001 and capital expenditures primarily for hardware, software and our public records integration were \$50.7 million.  |
| <b>Operating Activities</b>    | Cash flows from continuing operations increased 22% from \$158.7 million in 2002 to \$194.3 million in 2003 primarily due to our operating performance previously discussed.   | Cash flows from continuing operations increased 31% to \$158.7 million in 2002 from \$120.7 million in 2001 primarily due to the operating performance of our business segments previously discussed.   | Cash flows from continuing operations increased 14% to \$120.7 million in 2001 from \$106.3 million in 2000 primarily due to the strong operating performance of our business segments and good working capital management.                     |
| <b>Investing Activities</b>    | Our continued acquisitions of complementary businesses (8 in 2003) and capital investments in technology and databases, offset by the proceeds generated from the sale of CPCS, resulted in net cash used in investing activities of \$48.5 million. | In 2002 we acquired 6 entities and continued to make capital investments in technology and databases which resulted in net cash used in investing activities of \$235.3 million.  | In 2001 we acquired 7 entities, divested our laboratory services business and continued to make capital investments in technology and infrastructure resulting in net cash used in investing activities of \$155.9 million.                     |
| <b>Financing Activities</b>    | In 2003, we used the proceeds from the sale of CPCS and operations to repay outstanding debt, resulting in net cash used by financing activities of \$118.1 million.   | In 2002, we refinanced our outstanding revolving facility with the Credit Facility and borrowed additional funds under the Receivables Facility to fund our more significant acquisitions resulting in net cash provided by financing activities of \$47.9 million. | In 2001, we borrowed additional funds under our Former Credit Facility and used proceeds from the exercise of stock options to fund our more significant acquisitions resulting in net cash provided by financing activities of \$36.5 million. |

## Accounting Developments

### Cumulative Effect of Change in Accounting Principle

Effective January 1, 2002, ChoicePoint adopted new accounting rules for goodwill and certain intangible assets. Among the requirements of the new rules is that goodwill and certain intangible assets be assessed for impairment using fair value measurement techniques. During the second quarter of 2002, the Company completed its impairment review and recorded a \$39.1 million non-cash pretax charge (\$24.4 million net of taxes) for the impairment of goodwill resulting primarily from the EquiSearch Services, Inc. acquisition in 1998 and the Internet business the Company acquired as part of the DBT merger in May 2000. The charge is non-operational in nature and is reflected as a cumulative effect of change in accounting principle in the accompanying consolidated financial statements (see Note 3 to the Consolidated Financial Statements).

### New Accounting Pronouncements

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which requires companies to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. On an interim and annual basis, the liability is adjusted to its present value and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, a gain or loss may be incurred based on the remaining balance. The adoption of this standard in 2003 did not have a material impact on the Company's operating results or financial position.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which requires costs associated with exit or disposal activities to be recognized when the costs are incurred, rather than at a date of commitment to an exit or disposal plan. The FASB bases the accrual of an exit or disposal cost on the existence of a liability that constitutes an "obligation" both legally and socially as defined under FASB Statement of Concept No. 6. SFAS No. 146 is effective for disposal activities initiated after December 31, 2002. The adoption of this standard did not have a material impact on the Company's operating results or financial position.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," ("FIN 45"). This interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guaranty, a liability for the fair value of the obligation undertaken in issuing the guaranty. The disclosure requirements of FIN 45 are effective for the Company as of December 31, 2002.

The initial recognition and measurement provisions of FIN 45 were applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The adoption of this standard did not have a material impact on the Company's operating results or financial position.

In November 2002, the EITF reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables" ("EITF 00-21"). EITF 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF 00-21 apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The adoption of EITF 00-21 did not have a material impact on the Company's results of operations and financial condition.

In January 2003, the FASB issued FIN 46, which addresses consolidation of business enterprises of variable interest entities ("VIE") and requires companies with a controlling financial interest in a VIE to include the assets, liabilities and results of activities of the VIE in the consolidated financial statements of the company. FIN 46 was effective immediately for VIEs created after January 31, 2003 and was effective for the quarter ending June 30, 2003 for all VIEs that existed prior to January 31, 2003. The Company has accounted for the synthetic leases as operating leases and has recorded rent expense. During the second quarter of 2003, the Company modified its \$48 million synthetic lease to, among other things, continue to qualify for off-balance sheet treatment in accordance with the provisions of FIN 46 (see Note 5 to the Consolidated Financial Statements). In December 2003, the FASB redeliberated certain proposed modifications and revised FIN 46 ("FIN 46-R"). The revised provisions are applicable no later than the first reporting period ending after March 15, 2004. The Company is currently evaluating the impact of adopting FIN 46-R.

In April 2003, the FASB issued SFAS No. 149, "Amendment of SFAS No. 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 also amends SFAS No. 133 for decisions made (1) as part of the Derivatives Implementation Group process that effectively required amendments to SFAS No. 133, (2) in connection with other FASB projects dealing with financial instruments, and (3) in connection with implementation issues raised in relation to the application of the definition of a derivative. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and hedging relationships designated after June 30, 2003. The adoption of this standard did not have a material impact on the Company's results of operations and financial condition.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. The adoption of SFAS 150 did not have a material effect on the Company's results of operations or financial position.

In December 2003, the FASB issued a revision to SFAS No. 132, "Employers' Disclosures About Pensions and Other Post Retirement Benefits," which revises employers' disclosures about pension and other postretirement benefit plans to provide additional information so that users can develop a clearer picture regarding the status and health of a company's plan. Certain of the provisions of SFAS No. 132 are effective for fiscal years ending on or after December 15, 2003, and have been adopted by the Company (see Note 8 to the Consolidated Financial Statements).

#### Critical Accounting Policies

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require the Company to make estimates and assumptions which may be revised over time as new information and regulations become available. The Company believes that of its significant accounting policies (see Note 3 to the Consolidated Financial Statements), the following may involve a higher degree of judgment and complexity:

**Purchase price allocation** – Over its history, the Company's growth has been partly driven by acquisitions. The application of the purchase method of accounting requires companies to assign values to acquired assets and liabilities, including intangible assets acquired based on their fair value. The determination of fair value for acquired assets, particularly intangible assets, requires a high degree of judgment, and estimates often involve significant subjectivity due to the lack of transparent market data or listed market prices. The Company generally uses internal cash flow models and other evaluations as well as third-party appraisals in determining the fair value of assets acquired; however, the use of different valuation models or assumptions could result in different amounts of goodwill and other acquisition intangible assets and different lives for amortizable intangible assets. As of December 31, 2003, certain of our 2003 purchase price allocations were based on preliminary estimates which may be revised in 2004 as estimates and assumptions are finalized (see Note 4 to the Consolidated Financial Statements). We do not anticipate that these revisions would be significant to the financial statements taken as a whole.

**Impairment testing of goodwill and other assets** – SFAS No. 142 requires the testing of intangible assets with indefinite lives and goodwill for impairment at least annually. We completed our initial impairment test in 2002 and our annual impairment tests in both 2002 and 2003 as required by SFAS No. 142 (see Notes 3 and 4 to the Consolidated Financial Statements). Upon completion of our analysis for goodwill impairment in the second quarter of 2002, we recorded a non-cash charge of \$39.1 million (\$24.4 million net of taxes) to reduce the carrying value of our goodwill retroactive to January 1, 2002. In calculating the goodwill impairment charge, the fair value of the impaired reporting units was estimated using a discounted cash flow methodology. This impairment charge was due to increased competition and pricing pressures and related primarily to goodwill recorded in the 1998 acquisition of EquiSearch Services, Inc. and goodwill related to the Internet business acquired as part of the DBT merger in May 2000. No additional impairment charge was recorded as a result of the annual reviews in 2003 or 2002 based on estimated future cash flows as compared to the current book value of long-lived assets. These impairment tests are impacted by the determination of future cash flow assumptions for the related assets. Changes in assumptions could materially impact the fair value estimates. If the Company had assumed a 10% reduction in its estimated annual cash flows in the initial impairment test or subsequent annual tests, it would have recorded additional impairment of less than \$3 million.

For the other acquisition intangible assets such as purchased software, customer relationships and non-compete agreements, the Company is required to assess them for impairment whenever indicators of impairment exist in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." During 2003, \$6.0 million of these assets were written down and recorded as other operating expense as indicators of impairment related to these assets were identified. The Company periodically reviews and reevaluates the assumptions used for assessing the recoverability of its intangible assets and adjusts them as necessary.

As discussed in Note 10 to the Consolidated Financial Statements, in connection with selling and integrating certain business operations, the Company has recorded asset impairment charges for data and software assets that will no longer be used. Inherent in the assumptions used in impairment analyses are certain significant management judgments and estimates. We periodically review and reevaluate these assumptions and adjust them as necessary.

**Software developed for internal use** – As discussed in Note 3 to the Consolidated Financial Statements, the Company capitalizes certain direct costs incurred in the development of internal use software. Amortization of such costs as cost of sales is done on a straight-line basis generally over three to five years. The Company evaluates the recoverability of capitalized costs periodically or as changes in circumstances suggest a possible impairment may exist in accordance with SFAS No. 144. Primarily in connection with the recent realignment of our technology infrastructure and the integration of our public records businesses subsequent to the DBT merger in 2000, capitalized software costs were written down by \$5.1 million in 2003, \$3.0 million in 2002, and \$2.7 million in 2001. Amortization of capitalized software costs amounted to \$13.7 million in 2003, \$10.1 million in 2002, and \$6.7 million in 2001.

**Postretirement benefit obligations** – In connection with developing the Company's projected liabilities for postretirement benefits, management is required to make estimates and assumptions which affect the reported amounts of the liability as of the date of the financial statements and the amount of expense recognized during the period. The liability is developed based on currently available information, estimates of future trends and actuarial assumptions provided by our independent actuaries including a discount rate of 5.75% and an initial health care cost trend rate of approximately 12%. A 0.25% decrease or increase in the discount rate (to 6.0% or 5.5%) would result in a change in the liability of approximately \$700,000. Actual results could differ from these estimates. See Note 8 to the Consolidated Financial Statements for a discussion of the impact of changes in health care cost trend rates.

### Forward-Looking Statements

Certain written and oral statements made by or on behalf of the Company, including information in this Annual Report, may constitute "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. Words or phrases such as "should result," "are expected to," "we anticipate," "we estimate," "we project," or similar expressions are intended to identify forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in any forward-looking statements. These risks and uncertainties include, but are not limited to, the following important factors: demand for the Company's services, product development, maintaining acceptable margins, maintaining our data supply, maintaining secure systems, ability to minimize system interruptions, ability to control costs, the impact of federal, state, and local regulatory requirements on the Company's business, specifically the direct marketing and public records markets and privacy matters affecting the Company, the impact of competition and customer consolidations, ability to continue our long-term business strategy including growth through acquisition, ability to attract and retain qualified personnel, the ability to mitigate material litigation and the uncertainty of economic conditions in general. Additional information concerning these risks and uncertainties is contained in the Company's filings with the Securities and Exchange Commission ("SEC"), including the Company's Annual Report on Form 10-K. Readers are cautioned not to place undue reliance on forward-looking statements, since the statements speak only as of the date that they are made, and the Company undertakes no obligation to publicly update these statements based on events that may occur after the date of this report.

The management of ChoicePoint Inc. has the responsibility for preparing the accompanying financial statements, and for their integrity and objectivity. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States and, as such, include amounts based on management's best estimates and judgments.

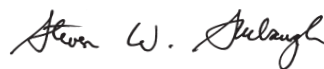
Management is further responsible for maintaining a system of internal control and related policies and procedures designed to provide reasonable assurance that assets are adequately safeguarded and that the accounting records reflect transactions executed in accordance with management's authorization. The systems of internal control are documented, evaluated and tested by the Company's internal auditors on a continuing basis. As with any system of internal controls, there are inherent limitations in the controls the Company has put in place. Specifically, collusion by two or more employees can override the controls put in place within any organization and individuals may execute transactions without the proper authority or disclosure. Management believes that the Company has maintained an effective system of internal control over the preparation of its financial information, including the Consolidated Financial Statements of the Company for the year ended December 31, 2003.

Independent auditors were engaged by the Company's Audit Committee to audit the Consolidated Financial Statements of the Company and issue their report thereon. The Company's independent public accountants also consider certain elements of the internal control system in order to determine their auditing procedures for purposes of expressing an opinion on the financial statements.

The Audit Committee of the board of directors, consisting solely of outside directors deemed to be independent in accordance with applicable rules and laws, meets periodically with financial management, internal audit, and the independent auditors to review internal accounting controls, the scope and results of audits and accounting, auditing, and financial reporting matters. The Audit Committee has a member who is an "audit committee financial expert" as defined by the Securities and Exchange Commission. The Audit Committee recommends to the board of directors appointment of the independent auditors. Both the internal auditors and the independent auditors have access to the Audit Committee, with or without the presence of management.



Derek V. Smith  
*Chairman and Chief Executive Officer*



Steven W. Surbaugh  
*Chief Financial Officer*



David E. Trine  
*Treasurer and Corporate Contoller*

## INDEPENDENT AUDITORS' REPORT

ChoicePoint 2003 Annual Report

To the Board of Directors and  
Shareholders of ChoicePoint Inc.:

We have audited the consolidated balance sheets of ChoicePoint Inc. and subsidiaries (the "Company") as of December 31, 2003 and 2002 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2003 and 2002 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, these consolidated financial statements have been revised to include the disclosures required by Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which was adopted by the Company as of January 1, 2002.

*Deloitte + Touche LLP*

Atlanta, Georgia  
February 25, 2004

**C O N S O L I D A T E D   S T A T E M E N T S   O F   I N C O M E**

ChoicePoint 2003 Annual Report

*(In thousands, except per share data)*

| Year Ended December 31,   | 2003             | 2002      | 2001      |
|---|------------------|-----------|-----------|
| Revenue from products and services  | <b>\$750,351</b> | \$690,803 | \$602,648 |
| Reimbursable expenses (Note 3)  | <b>45,395</b>    | 38,520    | 38,028    |
| Total revenue   | <b>795,746</b>   | 729,323   | 640,676   |
| Costs and expenses:   |                  |           |           |
| Cost of services  | <b>402,148</b>   | 360,131   | 344,567   |
| Reimbursable expenses   | <b>45,395</b>    | 38,520    | 38,028    |
| Selling, general, and administrative  | <b>138,701</b>   | 140,808   | 118,049   |
| Other operating charges (Note 10)   | <b>30,942</b>    | 7,342     | 17,865    |
| Loss on sale of business  | -                | -         | 10,853    |
| Total costs and expenses  | <b>617,186</b>   | 546,801   | 529,362   |
| Operating income  | <b>178,560</b>   | 182,522   | 111,314   |
| Interest expense, net   | <b>3,061</b>     | 7,772     | 10,487    |
| Income from continuing operations before income taxes                       | <b>175,499</b>   | 174,750   | 100,827   |
| Provision for income taxes  | <b>67,391</b>    | 67,078    | 55,125    |
| Income from continuing operations   | <b>108,108</b>   | 107,672   | 45,702    |
| Income from discontinued operations, net of tax (Note 4)                    | <b>991</b>       | 6,571     | 4,632     |
| Gain on sale of discontinued operations, net of tax (Note 4)                | <b>32,893</b>    | -         | -         |
| Income before cumulative effect of change in accounting principle           | <b>141,992</b>   | 114,243   | 50,334    |
| Cumulative effect of change in accounting principle,<br>net of tax (Note 3) | -                | (24,416)  | -         |
| Net income  | <b>\$141,992</b> | \$ 89,827 | \$ 50,334 |
| Earnings per share (Notes 3 and 7)  |                  |           |           |
| Basic:  |                  |           |           |
| Income from continuing operations   | <b>\$ 1.26</b>   | \$ 1.28   | \$ 0.55   |
| Income from discontinued operations, net                                    | <b>0.01</b>      | 0.08      | 0.06      |
| Gain on sale of discontinued operations, net                                | <b>0.38</b>      | -         | -         |
| Income before cumulative effect of change in accounting principle           | <b>1.65</b>      | 1.36      | 0.61      |
| Cumulative effect of change in accounting principle, net                    | -                | (0.29)    | -         |
| Net income  | <b>\$ 1.65</b>   | \$ 1.07   | \$ 0.61   |
| Diluted:  |                  |           |           |
| Income from continuing operations   | <b>\$ 1.21</b>   | \$ 1.21   | \$ 0.52   |
| Income from discontinued operations, net                                    | <b>0.01</b>      | 0.07      | 0.05      |
| Gain on sale of discontinued operations, net                                | <b>0.37</b>      | -         | -         |
| Income before cumulative effect of change in accounting principle           | <b>1.58</b>      | 1.28      | 0.58      |
| Cumulative effect of change in accounting principle, net                    | -                | (0.27)    | -         |
| Net income  | <b>\$ 1.58</b>   | \$ 1.01   | \$ 0.58   |
| Weighted average shares - basic   | <b>85,957</b>    | 84,313    | 82,417    |
| Dilutive effect of stock options  | <b>3,729</b>     | 4,881     | 4,734     |
| Weighted average shares - diluted   | <b>89,686</b>    | 89,194    | 87,151    |

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

**CONSOLIDATED BALANCE SHEETS**

ChoicePoint 2003 Annual Report

*(In thousands, except par values)*

| December 31,   | 2003               | 2002             |
|--|--------------------|------------------|
| <b>Assets</b>  |                    |                  |
| Current assets:  |                    |                  |
| Cash and cash equivalents  | \$ 23,410          | \$ 34,359        |
| Accounts receivable, net of allowance for doubtful accounts<br>of \$5,450 in 2003 and \$4,978 in 2002      | 153,661            | 143,610          |
| Deferred income tax assets   | 9,160              | 6,557            |
| Other current assets   | 17,721             | 20,809           |
| <b>Total current assets</b>  | <b>203,952</b>     | <b>205,335</b>   |
| Property and equipment, net  | 56,968             | 66,221           |
| Goodwill   | 645,172            | 578,608          |
| Other acquisition intangible assets  | 47,081             | 42,572           |
| Deferred income tax assets   | 871                | 12,672           |
| Other  | 67,240             | 73,602           |
| <b>Total assets</b>  | <b>\$1,021,284</b> | <b>\$979,010</b> |
| <b>Liabilities and Shareholders' Equity</b>  |                    |                  |
| Current liabilities:   |                    |                  |
| Short-term debt and current maturities of long-term debt   | \$ 50,194          | \$ 85,387        |
| Accounts payable   | 31,823             | 31,825           |
| Accrued salaries and bonuses   | 34,480             | 37,801           |
| Other current liabilities  | 61,984             | 47,683           |
| <b>Total current liabilities</b>   | <b>178,481</b>     | <b>202,696</b>   |
| Long-term debt, less current maturities  | 1,835              | 97,059           |
| Postretirement benefit obligations   | 30,815             | 37,853           |
| Other long-term liabilities  | 19,658             | 18,795           |
| <b>Total liabilities</b>   | <b>230,789</b>     | <b>356,403</b>   |
| Commitments and contingencies (Note 9)   |                    |                  |
| Shareholders' equity:  |                    |                  |
| Preferred stock, \$0.01 par value; 10,000 shares authorized,<br>no shares issued or outstanding            | -                  | -                |
| Common stock, \$0.10 par value; shares authorized – 400,000;<br>issued – 87,748 in 2003 and 86,555 in 2002 | 8,775              | 8,655            |
| Paid-in capital  | 374,929            | 345,426          |
| Retained earnings  | 429,779            | 287,787          |
| Accumulated other comprehensive loss, net  | (2,589)            | (2,881)          |
| Treasury stock, at cost, 1,193 shares in 2003 and 1,065 shares in 2002                                     | (20,399)           | (16,380)         |
| <b>Total shareholders' equity</b>  | <b>790,495</b>     | <b>622,607</b>   |
| <b>Total liabilities and shareholders' equity</b>  | <b>\$1,021,284</b> | <b>\$979,010</b> |

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

**C O N S O L I D A T E D   S T A T E M E N T S   O F   S H A R E H O L D E R S '   E Q U I T Y**

ChoicePoint 2003 Annual Report

| <i>(In thousands)</i>  | Comprehensive<br>Income | Common<br>Stock | Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Loss, Net | Treasury<br>Stock  | Total             |
|--|-------------------------|-----------------|--------------------|----------------------|--|--------------------|-------------------|
| Balance, December 31, 2000   |                         | \$8,209         | \$256,744          | \$147,626            | \$ (92)  | \$(11,418)         | \$401,069         |
| Net income   | \$ 50,334               | -               | -                  | 50,334               | -  | -                  | 50,334            |
| Change in fair value of derivatives,<br>net of deferred taxes of \$2,400 | (3,635)                 | -               | -                  | -                    | (3,635)  | -                  | (3,635)           |
| Translation adjustments  | 92                      | -               | -                  | -                    | 92   | -                  | 92                |
| Comprehensive income   | <u>\$ 46,791</u>        |                 |                    |                      |  |                    |                   |
| Restricted stock plans, net  |                         | 14              | 2,530              | -                    | -  | -                  | 2,544             |
| Stock options exercised  |                         | 222             | 26,377             | -                    | -  | -                  | 26,599            |
| Common stock redeemed  |                         | -               | -                  | -                    | -  | (2,176)            | (2,176)           |
| Stock purchased by employee benefit trusts                               |                         | 5               | (5)                | -                    | -  | (1,972)            | (1,972)           |
| Tax benefit of stock options exercised                                   |                         | -               | 11,966             | -                    | -  | -                  | 11,966            |
| Balance, December 31, 2001   |                         | 8,450           | 297,612            | 197,960              | (3,635)  | (15,566)           | 484,821           |
| Net income   | \$ 89,827               | -               | -                  | 89,827               | -  | -                  | 89,827            |
| Change in fair value of derivatives,<br>net of deferred taxes of \$503   | 754                     | -               | -                  | -                    | 754  | -                  | 754               |
| Comprehensive income   | <u>\$90,581</u>         |                 |                    |                      |  |                    |                   |
| Restricted stock plans, net  |                         | (9)             | 2,791              | -                    | -  | -                  | 2,782             |
| Stock options exercised  |                         | 214             | 25,050             | -                    | -  | -                  | 25,264            |
| Common stock redeemed  |                         | -               | -                  | -                    | -  | (814)              | (814)             |
| Tax benefit of stock options exercised                                   |                         | -               | 19,973             | -                    | -  | -                  | 19,973            |
| Balance, December 31, 2002   |                         | 8,655           | 345,426            | 287,787              | (2,881)  | (16,380)           | 622,607           |
| Net income   | \$141,992               | -               | -                  | 141,992              | -  | -                  | 141,992           |
| Change in fair value of derivatives,<br>net of deferred taxes of \$166   | 249                     | -               | -                  | -                    | 249  | -                  | 249               |
| Other  | 43                      | -               | -                  | -                    | 43   | -                  | 43                |
| Comprehensive income   | <u>\$142,284</u>        |                 |                    |                      |  |                    |                   |
| Restricted stock plans, net  |                         | 6               | 3,659              | -                    | -  | -                  | 3,665             |
| Stock options exercised  |                         | 114             | 16,180             | -                    | -  | -                  | 16,294            |
| Common stock redeemed  |                         | -               | -                  | -                    | -  | (99)               | (99)              |
| Stock purchased by employee benefit trusts, net                          |                         | -               | 22                 | -                    | -  | (3,920)            | (3,898)           |
| Tax benefit of stock options exercised                                   |                         | -               | 9,642              | -                    | -  | -                  | 9,642             |
| <b>Balance, December 31, 2003</b>  |                         | <b>\$ 8,775</b> | <b>\$ 374,929</b>  | <b>\$ 429,779</b>    | <b>\$ (2,589)</b>                                  | <b>\$ (20,399)</b> | <b>\$ 790,495</b> |

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

ChoicePoint 2003 Annual Report

(In thousands)

| Year Ended December 31,  | 2003      | 2002      | 2001      |
|--|-----------|-----------|-----------|
| Cash flows from operating activities:  |           |           |           |
| Net income   | \$141,992 | \$ 89,827 | \$ 50,334 |
| Cumulative effect of change in accounting principle, net of tax                        | -         | 24,416    | -         |
| Income from discontinued operations, net of tax  | (991)     | (6,571)   | (4,632)   |
| Gain on sale of discontinued operations, net of tax                                    | (32,893)  | -         | -         |
| Income from continuing operations  | 108,108   | 107,672   | 45,702    |
| Adjustments to reconcile net cash provided by continuing operations:                   |           |           |           |
| Depreciation and amortization  | 53,120    | 44,850    | 58,100    |
| Provision for other operating charges  | 21,164    | 5,405     | 12,703    |
| Compensation recognized under employee stock plans, net                                | 3,665     | 2,782     | 2,544     |
| Tax benefit of stock options exercised   | 9,642     | 19,040    | 11,407    |
| Loss on sale of business, pretax   | -         | -         | 10,853    |
| Changes in assets and liabilities, excluding effects of acquisitions and divestitures: |           |           |           |
| Accounts receivable, net   | (14,179)  | (10,497)  | (7,228)   |
| Other current assets   | 4,703     | 3,571     | (10,491)  |
| Deferred income taxes  | 8,859     | 10,039    | 6,169     |
| Current liabilities, excluding debt  | 6,007     | (16,336)  | (7,405)   |
| Other long-term liabilities, excluding debt  | (6,802)   | (7,812)   | (1,607)   |
| Net cash provided by continuing operations   | 194,287   | 158,714   | 120,747   |
| Net cash (used) provided by discontinued operations                                    | (38,609)  | 10,036    | 6,844     |
| Cash flows from investing activities:  |           |           |           |
| Acquisitions, net of cash acquired, and equity investment                              | (93,567)  | (186,990) | (154,259) |
| Cash proceeds from sale of businesses  | 87,000    | 650       | 49,000    |
| Additions to property and equipment, net   | (20,645)  | (19,796)  | (18,880)  |
| Additions to other assets, net   | (21,286)  | (29,207)  | (31,797)  |
| Net cash used by investing activities  | (48,498)  | (235,343) | (155,936) |
| Cash flows from financing activities:  |           |           |           |
| Payments on Former Credit Facility   | -         | (155,000) | (74,000)  |
| Payments on Credit Facility  | (153,000) | (40,000)  | -         |
| Borrowings under Credit Facility   | 58,000    | 135,000   | -         |
| Borrowings under Former Credit Facility  | -         | -         | 90,000    |
| Payments on Receivables Facility   | (35,000)  | -         | -         |
| Borrowings under Receivables Facility  | -         | 85,000    | -         |
| Payments on other debt, net  | (426)     | (1,531)   | (1,982)   |
| Purchases of stock held by employee benefit trusts, net                                | (3,898)   | -         | (1,972)   |
| Redemption of common stock   | (99)      | (814)     | (2,176)   |
| Proceeds from exercise of stock options  | 16,294    | 25,264    | 26,599    |
| Net cash (used) provided by financing activities                                       | (118,129) | 47,919    | 36,469    |
| Net (decrease) increase in cash and cash equivalents                                   | (10,949)  | (18,674)  | 8,124     |
| Cash and cash equivalents, beginning of year   | 34,359    | 53,033    | 44,909    |
| Cash and cash equivalents, end of year   | \$ 23,410 | \$ 34,359 | \$ 53,033 |

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

## 1 NATURE OF OPERATIONS

ChoicePoint Inc. (NYSE: CPS), a Georgia corporation (“ChoicePoint” or the “Company”), is the leading provider of identification and credential verification services for making smarter decisions in a world challenged by increased risks. Serving the needs of business, government, non-profit organizations and individuals, ChoicePoint works to create a safer and more secure society through the responsible use of information while ensuring the protection of personal privacy. For more information, visit the Company’s Web site at [www.choicepoint.com](http://www.choicepoint.com).

ChoicePoint’s businesses are focused on three primary markets – Insurance Services, Business & Government Services and Marketing Services.

The Insurance Services group provides information products and services used in the underwriting and claims processes by property and casualty (“P&C”) insurers. Major offerings to the personal lines P&C market include claims history data, motor vehicle records (“MVR”), police records, credit information and modeling services. Additionally, ChoicePoint provides customized policy rating and issuance software to the commercial insurance market. Prior to the divestiture in February 2003 (Note 4), ChoicePoint also provided property inspections and audits to the commercial insurance market.

The Business & Government Services group (“B&G”) provides information products and services to Fortune 1000 corporations, consumer finance companies, asset-based lenders, legal and professional service providers, health care service providers, non-profit organizations, small businesses, consumers and federal, state, and local government agencies. Major offerings include employment background screenings and drug testing administration services, public record searches, vital record services, credential verification, due diligence information, Uniform Commercial Code searches and filings, DNA identification services, authentication services and people and shareholder locator information searches.

The Marketing Services group provides direct marketing services to Fortune 1000 corporations, insurance companies, and financial institutions. Marketing Services offers a full complement of products, including data, print fulfillment, teleservices, database and campaign management services, as well as Web-based solutions.

## 2 BASIS OF PRESENTATION

ChoicePoint Inc. was established through the combination of the businesses that comprised the Insurance Services Group of Equifax Inc. (“Equifax”) within a separate company and the subsequent spinoff on August 8, 1997 (the “Spinoff”) of the Company’s outstanding stock by Equifax as a stock dividend to the shareholders of Equifax.

The consolidated financial statements include the accounts of ChoicePoint and its subsidiaries. All material transactions and balances between entities included in the consolidated financial statements have been eliminated.

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

**Earnings Per Share (“EPS”)** – In accordance with Statement of Accounting Standards (“SFAS”) No. 128, “Earnings Per Share,” the Company has computed basic and diluted EPS using the treasury stock method. Options outstanding to purchase approximately 2.5 million, 900,000, and 200,000 shares of common stock at December 31, 2003, 2002 and 2001, respectively, were not included in the computation of diluted EPS because the exercise prices of the options were greater than the average market prices of the Company’s common shares during the applicable year (Note 7).

**Reclassifications** – Certain prior year amounts have been reclassified to conform with the current year presentation.

**Revenue and Expense Recognition** – ChoicePoint recognizes revenue when an agreement exists, prices are determinable, services and products are delivered, and collectibility is reasonably assured. Revenue for the majority of information products and services is generally billed on a transactional basis determined by customer usage with some fixed elements.

Marketing Services revenues are recognized when projects are completed and delivered and are billed in accordance with contractual terms. Software revenues for our Insurance Services segment are generated primarily by licensing software systems (consisting of software and maintenance support) and providing professional services. Perpetual software arrangements require significant customization and are recognized under the percentage of completion method based on the terms and conditions in the contract. Changes in estimates to complete and revisions in overall profit estimates are recognized in the period in which they are determined. Multi-year software license agreements are recognized ratably over the term of the agreement. Maintenance and support agreements are marketed under annual or multi-year agreements and are recognized ratably over the period covered by the agreements. Software-related professional services are recognized as the service is performed. Certain software revenues from our Marketing Services segment represent hosting

arrangements. The revenues and certain up-front costs related to these hosting arrangements are recognized ratably over the term of the agreement.

The Company records certain revenue on a net basis. Motor vehicle records registry revenue (the fee charged by states for motor vehicle records) and other fixed costs that are passed on by ChoicePoint to its customers (“pass-through expense”) are excluded from revenue and recorded as a reduction to cost of services in the consolidated financial statements. Pass-through expense was \$597.6 million in 2003, \$491.7 million in 2002 and \$423.2 million in 2001.

During 2002, the Company began applying the consensus reached in Emerging Issues Task Force (“EITF”) Issue No. 01-14, “Income Statement Characterization of Reimbursements Received for ‘Out-of-Pocket’ Expenses Incurred” (“EITF 01-14”), which requires the presentation of reimbursed out-of-pocket expenses on a gross basis as revenues and expenses. As required, the Company reclassified prior periods presented to comply with the guidance in EITF 01-14. The application of EITF 01-14 had no impact on operating income, net income or earnings per share. Reimbursed materials, shipping and postage charges in the Company’s Marketing Services segment for 2003, 2002 and 2001 amounting to \$45.4 million, \$38.5 million and \$38.0 million, respectively, have been presented as revenues and expenses in the corresponding Consolidated Statements of Income.

**Stock Options** – As of December 31, 2003, the Company has stock-based employee compensation plans (Note 7). The Company accounts for these stock option plans in accordance with Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” and related Interpretations (“APB No. 25”). Accordingly, the Company does not recognize compensation cost in connection with these plans, as all options granted under these plans had an exercise price equal to the fair market value of ChoicePoint common stock on the date of grant. In December 2002, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 148, “Accounting for Stock-Based Compensation – Transition and Disclosure,” which amends SFAS No. 123, “Accounting for Stock-Based Compensations,” and provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based compensation. Furthermore, SFAS No. 148 requires more prominent and frequent disclosures in the financial statements about the effects of stock-based compensation. The Company adopted SFAS No. 148 as of January 1, 2003 with respect to the disclosure requirements. The Company has elected to account for stock-based compensation using the intrinsic value method prescribed in APB No. 25 and related interpretations. If the Company had elected to apply the fair value recognition provisions of SFAS No. 123, “Accounting for Stock-Based Compensation”

to stock-based employee compensation, net income and net income per share would have been reduced to the pro forma amounts indicated in the following table (in thousands, except per share information):

| Year Ended December 31,  | 2003      | 2002     | 2001     |
|--|-----------|----------|----------|
| Net income, as reported  | \$141,992 | \$89,827 | \$50,334 |
| Deduct: Total  |           |          |          |
| stock-based employee compensation expense determined under fair value based method for stock option awards, net of related tax effects | 13,154    | 15,360   | 9,696    |
| Pro forma net income   | \$128,838 | \$74,467 | \$40,638 |
| Earnings per share:  |           |          |          |
| Basic – as reported  | \$ 1.65   | \$ 1.07  | \$ 0.61  |
| Basic – pro forma  | 1.50      | 0.88     | 0.50     |
| Diluted – as reported  | \$ 1.58   | \$ 1.01  | \$ 0.58  |
| Diluted – pro forma  | 1.45      | 0.85     | 0.47     |

The fair value of each option granted is estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions:

| Year Ended December 31,                        | 2003    | 2002     | 2001     |
|--|---------|----------|----------|
| Dividend yield                                 | 0%      | 0%       | 0%       |
| Expected volatility                            | 33%     | 33%      | 29%      |
| Risk-free interest rate                        | 2.8%    | 4.4%     | 4.6%     |
| Expected life in years                         | 4.23    | 4.77     | 6.53     |
| Weighted average fair value of options granted | \$10.00 | \$ 14.31 | \$ 11.61 |

**Property and Equipment** – Property and equipment at December 31, 2003 and 2002 consisted of the following (in thousands):

| December 31,                            | 2003      | 2002      |
|---|-----------|-----------|
| Land, buildings, and improvements       | \$ 23,541 | \$ 30,824 |
| Data processing equipment and furniture | 143,726   | 135,718   |
| Less accumulated depreciation           | (110,299) | (100,321) |
|   | \$ 56,968 | \$ 66,221 |

The cost of property and equipment is depreciated primarily on the straight-line basis over estimated asset lives of 30 to 40 years for buildings; useful lives, not to exceed lease terms, for leasehold improvements; three to eight years for data processing equipment and eight to ten years for furniture.

**Goodwill** – The Company accounts for acquisitions using the purchase method of accounting. As a result, goodwill and other acquisition intangibles are recorded at the time of purchase based on internal evaluations or independent third-party appraisals. Goodwill for acquisitions prior to July 1, 2001 was amortized on a straight-line basis over ten to 40 years.

In June 2001, the FASB issued SFAS No. 141, "Business Combinations," effective July 1, 2001 and SFAS No. 142, "Goodwill and Other Intangible Assets," effective for the Company on January 1, 2002. SFAS No. 142 requires companies to cease amortizing goodwill that existed on December 31, 2001. Any goodwill resulting from acquisitions completed after June 30, 2001 is not amortized. SFAS No. 142 also broadens the criteria for recording intangible assets separate from goodwill and establishes a new method of testing goodwill impairment whereby goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. As a result of the adoption of these accounting standards, certain intangibles were subsumed into goodwill and amortization of these assets and goodwill was discontinued effective January 1, 2002. Upon completion of our analysis for goodwill impairment in the second quarter of 2002 in

accordance with the adoption of SFAS No. 142, ChoicePoint recorded a non-cash charge of \$39.1 million (\$24.4 million net of taxes) to reduce the carrying value of its goodwill retroactive to January 1, 2002. Such charge is reflected as a cumulative effect of change in accounting principle in the accompanying Consolidated Statements of Income. In calculating the goodwill impairment charge, the fair value of the impaired reporting units was estimated using a discounted cash flow methodology. This impairment charge is due to increased competition and pricing pressures and relates primarily to the 1998 acquisition of EquiSearch Services, Inc. and the Internet business acquired as part of the DBT Online, Inc. merger in May 2000. The Company also completed its annual goodwill impairment reviews as of October 31, 2003 and October 31, 2002. No additional impairment charge was recorded as a result of these reviews.

A summary of the change in goodwill during the years ended December 31, 2003 and 2002, by business segment, is as follows:

| (In thousands) | Net Goodwill at<br>December 31, 2002 | Acquisitions<br>& Adjustments | Divestiture | Net Goodwill at<br>December 31, 2003 |
|----------------|--------------------------------------|-------------------------------|-------------|--------------------------------------|
| Insurance      | \$ 45,659                            | \$13,206                      | \$(10,829)  | <b>\$ 48,036</b>                     |
| B&G            | 354,764                              | 51,618                        | —           | <b>406,382</b>                       |
| Marketing      | 178,185                              | 12,569                        | —           | <b>190,754</b>                       |
| Total          | \$578,608                            | \$77,393                      | \$(10,829)  | <b>\$645,172</b>                     |

| (In thousands) | Net Goodwill at<br>December 31, 2001 | Acquisitions<br>& Adjustments | Impairment | Net Goodwill at<br>December 31, 2002 |
|----------------|--------------------------------------|-------------------------------|------------|--------------------------------------|
| Insurance      | \$ 35,220                            | \$ 10,439                     | \$ —       | \$ 45,659                            |
| B&G            | 264,788                              | 124,985                       | (35,009)   | 354,764                              |
| Marketing      | 150,904                              | 31,388                        | (4,107)    | 178,185                              |
| Total          | \$450,912                            | \$166,812                     | \$(39,116) | \$578,608                            |

The 2001 results on a historical basis do not reflect the provisions of SFAS No. 142. Had ChoicePoint adopted SFAS No. 142 on January 1, 2001, the historical net income and basic and diluted EPS would have changed to the adjusted amounts indicated below for the years ended December 31:

| (In thousands, except per share data)                                 | 2003             | 2002      | 2001     |
|---|------------------|-----------|----------|
| Income before cumulative change in accounting principle               | <b>\$141,992</b> | \$114,243 | \$50,334 |
| Goodwill amortization, net of taxes                                   | —                | —         | 13,242   |
| Adjusted income before cumulative change in accounting principle      | <b>141,992</b>   | 114,243   | 63,576   |
| Cumulative change in accounting principle, net of tax                 | —                | (24,416)  | —        |
| Adjusted net income   | <b>\$141,992</b> | \$ 89,827 | \$63,576 |
| Basic EPS, income before cumulative change in accounting principle    | <b>\$ 1.65</b>   | \$ 1.36   | \$ 0.61  |
| Goodwill amortization   | —                | —         | 0.16     |
| Adjusted EPS, income before cumulative change in accounting principle | <b>1.65</b>      | 1.36      | 0.77     |
| Cumulative change in accounting principle, net                        | —                | (0.29)    | —        |
| Adjusted basic EPS  | <b>\$ 1.65</b>   | \$ 1.07   | \$ 0.77  |
| Diluted EPS, income before cumulative change in accounting principle  | <b>\$ 1.58</b>   | \$ 1.28   | \$ 0.58  |
| Goodwill amortization   | —                | —         | 0.15     |
| Adjusted EPS, income before cumulative change in accounting principle | <b>1.58</b>      | 1.28      | 0.73     |
| Cumulative change in accounting principle, net                        | —                | (0.27)    | —        |
| Adjusted diluted EPS  | <b>\$ 1.58</b>   | \$ 1.01   | \$ 0.73  |

**Other Acquisition Intangible Assets** – Other acquisition intangibles, excluding trademarks/tradenames totaling \$3.5 million included in other intangible assets below, are being amortized on a straight-line basis over three to eleven years. Amortization expense was \$9.5 million for 2003, \$6.1 million for 2002

and \$5.3 million for 2001. Estimated amortization expense for the next five years is \$9.3 million for 2004, \$8.6 million for 2005, \$7.6 million for 2006, \$7.0 million for 2007 and \$5.4 million for 2008. Other Acquisition Intangible Assets at December 31, 2003 and 2002 consisted of the following:

| (In thousands)                | 2003            |                          |                 | 2002            |                          |                 |
|-------------------------------|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|
|                               | Gross           | Accumulated Amortization | Net             | Gross           | Accumulated Amortization | Net             |
| Customer relationships        | \$36,918        | \$ (7,288)               | \$29,630        | \$23,353        | \$ (3,404)               | \$19,949        |
| Purchased data files          | 2,107           | (945)                    | 1,162           | 14,815          | (14,066)                 | 749             |
| Internally developed software | 15,050          | (11,210)                 | 3,840           | 14,232          | (9,264)                  | 4,968           |
| Non-compete agreements        | 10,141          | (2,471)                  | 7,670           | 11,767          | (2,828)                  | 8,939           |
| Other intangible assets       | 12,187          | (7,408)                  | 4,779           | 11,300          | (3,333)                  | 7,967           |
|                               | <b>\$76,403</b> | <b>\$(29,322)</b>        | <b>\$47,081</b> | <b>\$75,467</b> | <b>\$(32,895)</b>        | <b>\$42,572</b> |

**Other Assets** – Other assets at December 31, 2003 and 2002 consisted of the following (in thousands):

| December 31,                                     | 2003            | 2002            |
|--|-----------------|-----------------|
| System development and other deferred costs, net | \$65,813        | \$70,504        |
| Royalty patents, net                             | 1,427           | 3,098           |
|  | <b>\$67,240</b> | <b>\$73,602</b> |

For the years ended December 31, costs of software developed for internal use of approximately \$13.2 million in 2003, \$19.3 million in 2002 and \$24.9 million in 2001 were capitalized and are included in system development and other deferred costs. The amounts capitalized include certain direct costs, including independent contractor and payroll costs in accordance with Statement of Position (“SOP”) 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.” System development and other deferred costs are being amortized on a straight-line basis primarily over three to five years. Accumulated amortization was \$59.3 million as of December 31, 2003 and \$47.9 million as of December 31, 2002.

The Company owns a 62.5% interest in laser patent revenue relating to certain patents involving laser technology which expire between November 2004 and May 2005. Upon the expiration of the applicable patent, the Company loses its right to exclude others from exploiting the inventions claimed therein, and accordingly, the obligation of third parties to make royalty payments will cease.

The Company regularly evaluates whether events and circumstances have occurred that indicate the carrying amount of other long-lived assets may warrant revision or may not be recoverable. When factors indicate that other assets should be evaluated for possible impairment, the Company uses an estimate of the future undiscounted net cash flows of the related business over the remaining life of the other assets in measuring whether those assets are recoverable. If the carrying amount exceeds undiscounted cash

flows, an impairment loss would be recognized for the difference between the carrying amount and its estimated fair value on a discounted cash flow methodology. For the years ended December 31, 2003 and 2002, approximately \$7.2 million and \$5.4 million of other long-lived assets were written down to fair value and recognized as other operating charges, respectively (Note 10).

**Depreciation and Amortization Expense** – Depreciation and amortization expense from continuing operations for 2003, 2002 and 2001 consisted of the following:

| (In thousands)                              | 2003            | 2002            | 2001            |
|---|-----------------|-----------------|-----------------|
| Year Ended December 31,                     |                 |                 |                 |
| Property and equipment                      | \$21,205        | \$19,366        | \$22,417        |
| Goodwill                                    | –               | –               | 17,070          |
| Other acquisition intangibles               | 9,539           | 6,133           | 5,413           |
| Royalty patents                             | 1,695           | 1,695           | 1,695           |
| System development and other deferred costs | 20,681          | 17,656          | 11,505          |
|   | <b>\$53,120</b> | <b>\$44,850</b> | <b>\$58,100</b> |

**Consolidated Statements of Cash Flows** – The Company considers short-term cash investments with original maturities of three months or less to be cash equivalents.

The tax payments made by ChoicePoint were approximately \$81.8 million in 2003, \$43.7 million in 2002 and \$46.6 million in 2001. Interest paid on long-term debt totaled \$3.1 million in 2003, \$8.5 million in 2002 and \$10.0 million in 2001.

In 2003, 2002 and 2001, the Company acquired various businesses that were accounted for as purchases (Note 4). In conjunction with these transactions, liabilities were assumed as follows

| (In thousands)                |           |           |           |  |
|-------------------------------|-----------|-----------|-----------|--|
| Year Ended December 31,       | 2003      | 2002      | 2001      |  |
| Fair value of assets acquired | \$102,779 | \$201,058 | \$181,570 |  |
| Cash paid for acquisitions    | 94,644    | 192,582   | 157,348   |  |
| Liabilities assumed           | \$ 8,135  | \$ 8,476  | \$ 24,222 |  |

**Financial Instruments and Derivatives** – The Company’s financial instruments recorded on the balance sheet consist primarily of cash and cash equivalents, accounts receivable, accounts payable and debt. The carrying amounts approximate their fair values because of the short maturity of these instruments or, in the case of debt, because it bears interest at current market rates.

The Company’s derivative financial instruments are accounted for under the provisions of SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” as amended by SFAS No. 138, which was adopted by the Company effective January 1, 2001. The effect of such adoption was not material. Such derivatives at December 31, 2003 and 2002 consist of interest rate swap agreements (Note 5) entered into to limit the effect of changes in LIBOR (a benchmark interest rate) on the Company’s LIBOR-based payments, including the synthetic leases. Amounts currently due to or from interest rate swap counterparties are recorded in expense in the period in which they accrue. The Company measures all derivatives at fair value and recognizes them in the Consolidated Balance Sheet as an asset or liability, depending on ChoicePoint’s rights or obligations under the applicable derivative contract. ChoicePoint’s only derivative instruments are swap agreements which have been designated as cash flow hedges to hedge the variability in expected future interest payments on a portion of the Company’s LIBOR-based payments and, as such, the effective portions of changes in fair value are reported in cumulative other comprehensive loss and are subsequently reclassified into earnings when the hedged item affects earnings. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. The Company assesses, on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items. Should it be determined that a derivative is not highly effective as a hedge, the Company will discontinue hedge accounting treatment. The Company does not enter into derivative financial instruments for trading or speculative purposes. The fair value of the interest

rate swap agreements was a liability of \$4.4 million as of December 31, 2003 and a liability of \$4.8 million at December 31, 2002.

**Other New Accounting Pronouncements** – In July 2001, the FASB issued SFAS No. 143, “Accounting for Asset Retirement Obligations,” which requires companies to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. On an interim and annual basis, the liability is adjusted to its present value and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, a gain or loss may be incurred based on the remaining balance. The adoption of this standard in 2003 did not have a material impact on the Company’s operating results or financial position.

In July 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities,” which requires costs associated with exit or disposal activities to be recognized when the costs are incurred, rather than at a date of commitment to an exit or disposal plan. The FASB bases the accrual of an exit or disposal cost on the existence of a liability that constitutes an “obligation” both legally and socially as defined under FASB Statement of Concept No. 6. SFAS No. 146 is effective for disposal activities initiated after December 31, 2002. The adoption of this standard in 2003 did not have a material effect on the Company’s operating results or financial position.

In November 2002, the FASB issued Interpretation No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others” (“FIN 45”). This interpretation elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guaranty, a liability for the fair value of the obligation undertaken in issuing the guaranty. The disclosure requirements of FIN 45 are effective for the Company as of December 31, 2002. The initial recognition and measurement provisions of FIN 45 were applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The adoption of this standard did not have a material impact on the Company’s operating results or financial position.

In November 2002, the EITF reached a consensus on Issue No. 00-21, “Revenue Arrangements with Multiple Deliverables” (“EITF 00-21”). EITF 00-21 provides guidance on how to account for arrangements that involve the delivery

or performance of multiple products, services and/or rights to use assets. The provisions of EITF 00-21 apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The adoption of EITF 00-21 did not have a material impact on the Company's results of operations and financial condition because all multiple deliverable arrangements are being accounted for under SOP 97-2, "Software Revenue Recognition."

In January 2003, the FASB issued FIN 46, which addresses consolidation of business enterprises of variable interest entities ("VIE") and requires companies with a controlling financial interest in a VIE to include the assets, liabilities and results of activities of the VIE in the consolidated financial statements of the company. FIN 46 was effective immediately for VIEs created after January 31, 2003 and was effective for the quarter ending June 30, 2003 for all VIEs that existed prior to January 31, 2003. The Company has accounted for the synthetic leases as operating leases and has recorded rent expense. During the second quarter of 2003, the Company modified its \$48 million synthetic lease to, among other things, continue to qualify for off-balance sheet treatment in accordance with the provisions of FIN 46 (Note 5). In December 2003, the FASB redeliberated certain proposed modifications and revised FIN 46 ("FIN 46-R"). The revised provisions are applicable no later than the first reporting period ending after March 15, 2004. The Company is currently evaluating the impact of adopting FIN 46-R.

In April 2003, the FASB issued SFAS No. 149, "Amendment of SFAS No. 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 also amends SFAS No. 133 for decisions made (1) as part of the Derivatives Implementation Group process that effectively required amendments to SFAS No. 133, (2) in connection with other FASB projects dealing with financial instruments, and (3) in connection with implementation issues raised in relation to the application of the definition of a derivative. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and hedging relationships designated after June 30, 2003. The adoption of this standard did not have a material impact on the Company's results of operations and financial condition.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS No. 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities

and equity. The adoption of SFAS No. 150 did not have a material effect on the Company's results of operations or financial position.

In December 2003, the FASB issued a revision to SFAS No. 132, "Employers' Disclosures About Pensions and Other Post Retirement Benefits," which revises employers' disclosures about pension and other postretirement benefit plans to provide additional information so that users can develop a clearer picture regarding the status and health of a company's plan. Certain of the provisions of SFAS No. 132 are effective for fiscal years ending on or after December 15, 2003, and have been adopted by the Company (see Note 8).

#### 4 ACQUISITIONS AND DIVESTITURES

**Acquisitions** – During 2003, 2002 and 2001, the Company acquired either stock or assets of the following businesses:

| Business  | Date Acquired  |
|---|----------------|
| CITI NETWORK, Inc.  |                |
| d/b/a Applicant Screening and Processing  | October 2003   |
| Bridger Systems, Inc.   | September 2003 |
| insuranceDecisions, Inc.  | September 2003 |
| TML Information Services, Inc.  | August 2003    |
| Identico Systems, LLC   | July 2003      |
| Mortgage Asset Research Institute, Inc.   | June 2003      |
| The List Source, Inc.   |                |
| d/b/a Kramer Lead Marketing Group   | January 2003   |
| National Data Retrieval, Inc.   | January 2003   |
| Accident Report Services, Inc.  | December 2002  |
| Vital Chek Network, Inc.  | December 2002  |
| Resident Data, Inc.   | October 2002   |
| L&S Report Service, Inc.  | July 2002      |
| Total eData Corporation   | April 2002     |
| Experian Information Solutions, Inc.<br>(marketing and list extraction<br>and reporting businesses) | January 2002   |
| Marketing Information & Technology, Inc.  | July 2001      |
| Pinkerton's, Inc. (pre-employment and<br>drug testing businesses)                                   | July 2001      |
| The Bode Technology Group, Inc.   | April 2001     |
| National Medical Review Offices, Inc.   | April 2001     |
| Insurity Solutions, Inc.  | March 2001     |
| BTi Employee Screening Services, Inc.   | February 2001  |
| ABI Consulting, Inc.  | February 2001  |

The acquisitions above were accounted for as purchases, and the results of operations from these acquisitions are included in ChoicePoint's consolidated results from the date acquired.

In 2003, the Company acquired National Data Retrieval, Inc., one of the nation's leading providers of public records information for bankruptcies, civil judgments, and federal and state tax liens based in Alpharetta, Georgia; The List

Source, Inc. d/b/a/ Kramer Lead Marketing Group, a marketing company servicing the life and health insurance and financial services markets based in Dallas, Texas; Mortgage Asset Research Institute, Inc., which operates databases that help monitor and identify fraud, misrepresentation and misconduct in the mortgage industry based in Reston, Virginia; Identico Systems, LLC, a real-time provider of customer identity verification via face-to-face transactions at the point of sale based in Nashua, New Hampshire; CITI NETWORK, Inc. d/b/a Applicant Screening and Processing, a tenant screening company based in Orlando, Florida and certain assets of TML Information Services, Inc., a provider of MVRs in the insurance industry based in Forest Hills, New York; Bridger Systems, Inc., which assists customers with their compliance of OFAC, USA PATRIOT Act and other requirements based in Bozeman, Montana and insuranceDecisions, Inc., a provider of full service claims administration applications to the insurance industry based in Ridgefield, Connecticut. These acquisitions extend ChoicePoint's current product and service offerings in Insurance Services, Marketing Services and B&G.

2003 acquisitions had an aggregate purchase price of \$94.6 million which was paid in cash, \$77.4 million was allocated to goodwill, substantially all of which is expected to be fully deductible for tax purposes, and \$20.0 million to other acquisition intangible assets as follows based on preliminary allocations:

| (In thousands)         | Amount   | Weighted Average Amortization Period |
|------------------------|----------|--------------------------------------|
| Customer relationships | \$16,380 | 4 to 7 years                         |
| Purchased data files   | 1,529    | 5 to 9 years                         |
| Software               | 1,018    | 5 years                              |
| Patents                | 688      | 11 years                             |
| Trademark/tradename    | 200      | indefinite life asset                |
| Noncompete agreements  | 190      | 4 to 5 years                         |
|                        | \$20,005 |                                      |

On December 2, 2002, ChoicePoint acquired 100 percent of the outstanding common stock of Vital Chek Network, Inc. and Vital Chek Network of Canada, Inc. (collectively, "VitalChek"). The results of VitalChek's operations have been included in the consolidated financial statements since that date. VitalChek has been assigned to the B&G segment. VitalChek is a provider of proprietary technology and data management services that facilitate the remote ordering of certified birth, death, marriage, and divorce certificates, and is based in Nashville, Tennessee. As a result of the acquisition, ChoicePoint extended its current product and services offerings that help verify a person's identity to include the birth certificates that often begin the process.

The purchase price was \$120.0 million in an initial cash payment with an additional earnout ending June 30, 2006 if VitalChek exceeds certain financial targets. As of December 31, 2003, no additional earnouts had been paid. The following table summarizes the fair values of assets acquired and liabilities assumed (in thousands):

|                                     |                  |
|-------------------------------------|------------------|
| Current assets                      | \$ 4,231         |
| Property, plant and equipment, net  | 1,176            |
| Goodwill                            | 105,184          |
| Other acquisition intangible assets | 12,300           |
| Other assets                        | 765              |
| <u>Total assets acquired</u>        | <u>123,656</u>   |
| Current liabilities                 | 3,045            |
| Other long-term liabilities         | 611              |
| <u>Total liabilities assumed</u>    | <u>3,656</u>     |
| <u>Net assets acquired</u>          | <u>\$120,000</u> |

The goodwill listed above is fully deductible for tax purposes. Of the \$12.3 million of acquired intangible assets, \$8.7 million was assigned to non-compete agreements which will have a useful life of seven years, \$1.6 million was assigned to software which will have a useful life of three years and \$2.0 million was assigned to trademarks/tradenames that will have an indefinite life.

The Company's unaudited pro forma combined historical results as of December 31, as if VitalChek had been acquired at the beginning of 2002 and 2001, respectively, are estimated to be:

| (In thousands, except per share information)                      | 2002      | 2001      |
|---|-----------|-----------|
| Revenue   | \$751,196 | \$658,044 |
| Income from continuing operations                                 | 107,049   | 40,364    |
| Income before cumulative effect of change in accounting principle | 113,620   | 44,996    |
| Net income  | 89,204    | 44,996    |
| EPS, basic  | \$ 1.06   | \$ 0.55   |
| EPS, diluted  | \$ 1.00   | \$ 0.52   |

Also in 2002, the Company acquired the insurance market on-line consumer credit reporting, marketing and pre-screen list extract services of Experian Information Solutions, Inc., based in Chicago, Illinois; Total eData Corporation, an e-mail database company based in Little Rock, Arkansas; Resident Data, Inc., a residential screening services provider to apartment management companies based in Richardson, Texas; and two police reports providers to the P&C insurance industry, L&S Report Service, Inc., based in Phoenix, Arizona, and Accident Report Services, Inc., based in Oklahoma City, Oklahoma.

Excluding VitalChek, 2002 acquisitions had an aggregate purchase price of \$72.6 million which was paid in cash, \$59.8 million was allocated to goodwill, of which \$30.9 million is expected to be fully deductible for tax purposes, and \$9.9 million to other acquisition intangible assets as follows based on preliminary allocations:

| (In thousands)                | Amount         | Weighted Average Amortization Period |
|-------------------------------|----------------|--------------------------------------|
| Internally developed software | \$1,500        | 3 years                              |
| Trademark/tradename           | 1,300          | indefinite life asset                |
| Customer relationships        | 7,081          | 5 years                              |
|                               | <b>\$9,881</b> |                                      |

In 2001, the Company acquired Marketing Information & Technology, Inc., a provider of large-scale marketing systems for Fortune 500 clients, based in the Boston, Massachusetts area; the pre-employment and drug testing businesses of Pinkerton's, Inc., a unit of Securitas AB of Sweden, based in Charlotte, North Carolina; The Bode Technology Group, Inc., a premier provider of DNA identification services, based in Springfield, Virginia; certain assets of National Medical Review Offices, Inc., a large provider of medical review office services, based in Los Angeles, California; Insurity Solutions, Inc., a provider of Internet-based rating, underwriting, and policy-servicing tools based in Cumming, Georgia; BTi Employee Screening Services, Inc., a pre-employment background screening organization based in Dallas, Texas; and ABI Consulting, Inc., a third-party administrator of employee drug testing programs, based in Murray, Utah.

The 2001 acquisitions had an aggregate purchase price of \$157.3 million, which was paid primarily in cash, \$138.1 million was allocated to goodwill, of which \$99.0 million is expected to be fully deductible for tax purposes, and \$18.4 million to intangible assets, which are being amortized over three to ten years (primarily customer relationships, data files, and software). Goodwill from the 2001 acquisitions prior to July 1, 2001 of \$52.4 million was amortized on a straight-line basis over 25 to 30 years through December 31, 2001 and other intangible assets are amortized over three to five years. Goodwill from acquisitions after June 2001 of \$85.7 million was not amortized in accordance with SFAS No. 142.

The allocation of purchase price to the assets and liabilities of certain acquisitions is preliminary and subject to change based on the resolutions of pre-acquisition contingencies. The remaining accrual of \$2.9 million as of December 31, 2003 for transaction costs related to the above acquisitions, will primarily be used for future payments under lease

terminations and related office closure expenses. Certain of these acquisitions are subject to contingent payment agreements based on revenue and operating profit goals over the next two to three years. The Company will record goodwill related to these contingent payment agreements as goals are met and payments are reasonably estimable and probable.

The pro forma effect of 2003, 2002 and 2001 purchased acquisitions, other than VitalChek, is not material individually or in the aggregate to the consolidated financial statements.

**Divestitures** – In February 2003, the Company sold its CP Commercial Specialists (“CPCS”) business to New Mountain Capital, L.L.C. for \$87.0 million in cash. The sale of CPCS was the culmination of ChoicePoint’s efforts to exit the highly manual, labor-intensive businesses that characterized the Company in its early days and focus on data and technology intensive solutions. CPCS is reported as a discontinued operation for all periods presented in the accompanying consolidated financial statements, and the operating results of CPCS through February 28, 2003, the date of sale, are reflected separately from the results of continuing operations. The gain on sale of CPCS is approximately \$32.9 million net of taxes and includes transaction expenses of \$9.4 million, which includes investment banker fees and severance and retention benefits. Summarized operating results and gain on sale for the two months ended February 28, 2003 and the years ended December 31, 2002 and December 31, 2001 are as follows:

| (In thousands)                                      | Two Months Ended February 28, 2003 | Year Ended December 31, 2002 | Year Ended December 31, 2001 |
|---|------------------------------------|------------------------------|------------------------------|
| Total revenue                                       | <b>\$11,234</b>                    | \$62,239                     | \$53,319                     |
| Income from operations before income taxes          | <b>\$ 1,609</b>                    | \$10,710                     | \$ 8,194                     |
| Provision for income taxes                          | <b>618</b>                         | 4,139                        | 3,562                        |
| Income from discontinued operations, net of tax     | <b>\$ 991</b>                      | \$ 6,571                     | \$ 4,632                     |
| Gain on sale of discontinued operations             | <b>\$61,201</b>                    | \$ –                         | \$ –                         |
| Provision for income taxes                          | <b>28,308</b>                      | –                            | –                            |
| Gain on sale of discontinued operations, net of tax | <b>\$32,893</b>                    | \$ –                         | \$ –                         |

In August 2001, the Company sold its laboratory services business for approximately \$49.0 million and retained certain assets. The results of this business historically had been included in the Insurance Services business segment. Operating segment results have been restated for all periods to reflect the sale of this line of business (see Note 11). Consolidated operating income for the year ended December 31, 2001 includes a \$10.9 million pretax loss on the sale, which includes transaction-related costs of \$6.9 million, including severance and retention commitments for approximately 170 employees. Net income for the year ended December 31, 2001 includes a \$21.4 million (including tax expense of \$10.5 million) after-tax loss on the sale of this line of business.

## 5 DEBT AND OTHER FINANCING

Long-term debt at December 31, 2003 and 2002 was as follows:

| (In thousands)<br>December 31, | 2003     | 2002      |
|--------------------------------|----------|-----------|
| Credit Facility                | \$ -     | \$ 95,000 |
| Receivables Facility           | 50,000   | 85,000    |
| Other long-term debt           | 1,970    | 2,100     |
| Capital leases                 | 59       | 346       |
|                                | 52,029   | 182,446   |
| Less current maturities        | (50,194) | (85,387)  |
|                                | \$ 1,835 | \$ 97,059 |

On May 10, 2002, ChoicePoint entered into a \$325 million unsecured revolving credit facility (the "Credit Facility") with a group of banks that extends through a termination date of May 2005 and bears interest at variable rates based on LIBOR plus an applicable margin. The applicable margins range from .475% to 1.2% per annum based on ChoicePoint's leverage ratio. The average interest rate based on the terms of the Credit Facility at December 31, 2003 was 1.6% and 2.0% at December 31, 2002. Prior to May 10, 2002, the Company had a \$250 million unsecured revolving credit facility (the "Former Credit Facility") with a group of banks.

The Credit Facility contains covenants customary for facilities of this type. Such covenants include limitations, in certain circumstances, on the ability of the Company and its subsidiaries to (i) effect a change of control of the Company, (ii) incur certain types of liens, and (iii) transfer or sell assets. The Credit Facility also requires compliance with financial covenants, including (i) maximum leverage and (ii) minimum fixed charge coverage.

In July 2001, the Company and certain of its subsidiaries entered into an agreement (the "Receivables Facility") with a financial institution whereby it may sell on a continuous basis, an undivided interest in all eligible trade accounts receivable subject to limitations. The Company will maintain the balance in the designated pool of accounts receivable sold by selling undivided interests in new receivables as existing receivables are collected. The Receivables Facility permits the advance of up to \$100 million on the sale of accounts receivable, may be extended in one-year terms and has been extended through June 2004. Due to certain contractual removal-of-accounts provisions, the Receivables Facility has been recorded as an on-balance sheet financing transaction in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." The Company believes the Receivables Facility provides a low cost of financing and is an additional source of debt capital with diversification from other alternatives. Net proceeds from the Receivables Facility were \$50.0 million at December 31, 2003 and \$85.0 million at December 31, 2002. The average interest rate based on the terms of the Receivables Facility at December 31, 2003 was approximately 1.5%.

In 1997, the Company entered into a \$25 million synthetic lease agreement for the Company's headquarters building. Under the synthetic lease agreement, a third-party lessor purchased the property, paid for the construction and leased the building to the Company. In 2001, the Company entered into another synthetic lease agreement for up to \$48 million to finance the construction of its new data center facility. Both leases expire in 2007, at which time the Company has the following options for each lease: renew the lease for an additional five years, purchase the building for the original cost or remarket the property. If the Company elects to remarket the properties, ChoicePoint must guarantee the lessor 80% to 85% of the original cost.

The Company has accounted for the synthetic leases as operating leases and has recorded rent expense. If the Company had elected to purchase the properties instead of entering into the synthetic leases, total assets and debt would have increased by \$67.3 million at December 31, 2003 and \$54.3 million at December 31, 2002 and the Company would have recorded additional depreciation expense for the year ended December 31 of approximately \$1.7 million in 2003 (\$1.0 million after tax) and \$800,000 in both 2002 and 2001.

At December 31, 2003, ChoicePoint had four interest rate swap agreements (the "Swap Agreements") outstanding that reduce the impact of changes in the benchmark interest rate (LIBOR) on its LIBOR-based payments on the synthetic leases. One interest rate swap agreement has a notional amount of \$25 million and matures in August 2007. The other three interest rate swap agreements have a total notional amount of \$42 million, became effective May 2003 and mature in August 2007. These Swap Agreements involve the receipt of a variable rate and payment by ChoicePoint of fixed rates between 4.6% and 6.5%. ChoicePoint has designated all of these swaps as cash flow hedges of the variability in expected future interest payments on \$67 million of borrowings. The Company had a fifth interest rate swap agreement to reduce the impact of changes in the benchmark interest rate (LIBOR) on \$125 million of borrowings. This swap agreement was also designated as a cash flow hedge and expired in August 2002. The Company is exposed to credit loss in the event of nonperformance by the other parties to the Swap Agreements. However, the Company does not anticipate nonperformance by the counterparties.

Scheduled maturities of long-term debt subsequent to December 31, 2003 are as follows: \$50.2 million in 2004, \$150,000 in 2005, \$155,000 in 2006, \$160,000 in 2007, \$170,000 in 2008 and \$1.2 million thereafter.

## 6 INCOME TAXES

The Company records deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred income tax assets and liabilities are recorded based on the differences between the financial reporting and income tax bases of assets and liabilities. The provision for income taxes consists of the following:

| (In thousands)          |                 |          |          |  |
|-------------------------|-----------------|----------|----------|--|
| Year Ended December 31, | 2003            | 2002     | 2001     |  |
| Current:                |                 |          |          |  |
| Federal                 | \$78,029        | \$55,306 | \$51,304 |  |
| State                   | 9,792           | 5,791    | 3,827    |  |
| Foreign                 | -               | -        | 256      |  |
|                         | <b>87,821</b>   | 61,097   | 55,387   |  |
| Deferred:               |                 |          |          |  |
| Federal                 | 8,008           | (4,744)  | 1,979    |  |
| State                   | 488             | 164      | 1,313    |  |
| Foreign                 | -               | -        | 8        |  |
|                         | <b>8,496</b>    | (4,580)  | 3,300    |  |
| Total                   | <b>\$96,317</b> | \$56,517 | \$58,687 |  |

The provision for income taxes is based upon income before income taxes, as follows:

| (In thousands)          |                  |           |           |
|-------------------------|------------------|-----------|-----------|
| Year Ended December 31, | 2003             | 2002      | 2001      |
| United States           | \$238,309        | \$146,344 | \$108,429 |
| Foreign                 | -                | -         | 592       |
|                         | <b>\$238,309</b> | \$146,344 | \$109,021 |

The provision for income taxes is reconciled with the federal statutory rate, as follows:

| Year Ended December 31,   | 2003  | 2002  | 2001  |
|---|-------|-------|-------|
| Federal statutory rate  | 35.0% | 35.0% | 35.0% |
| State and local taxes,<br>net of federal tax benefit                      | 2.3   | 2.4   | 2.3   |
| Tax effect resulting<br>from foreign activities                           | -     | -     | 0.1   |
| Goodwill amortization   | -     | -     | 1.5   |
| Other operating charges   | -     | -     | 14.1  |
| Other   | 1.1   | 1.0   | 1.7   |
| Effective rate for continuing<br>operations                               | 38.4  | 38.4  | 54.7  |
| Effective rate impact from<br>discontinued operations                     | 2.0   | -     | (0.9) |
| Effective rate impact for<br>cumulative change in<br>accounting principle | -     | 0.2   | -     |
| Overall effective rate  | 40.4% | 38.6% | 53.8% |

Components of the Company's deferred income tax assets and liabilities at December 31, 2003 and 2002 are as follows:

| (In thousands)  |                  |           |
|---|------------------|-----------|
| December 31,  | 2003             | 2002      |
| Deferred income tax assets:                                     |                  |           |
| Postretirement benefits   | \$ 13,109        | \$ 15,682 |
| Reserves and accrued expenses                                   | 9,281            | 7,515     |
| Employee compensation programs                                  | 10,149           | 7,179     |
| Goodwill  | 2,896            | 14,700    |
| Other   | 24,015           | 6,773     |
|   | <b>59,450</b>    | 51,849    |
| Deferred income tax liabilities:                                |                  |           |
| Purchased software, data files,<br>technology, and other assets | (27,400)         | (14,000)  |
| Depreciation  | (5,130)          | (3,576)   |
| Deferred expenses   | (11,659)         | (9,820)   |
| Other   | (5,230)          | (5,224)   |
|   | <b>(49,419)</b>  | (32,620)  |
| Net deferred income tax assets                                  | <b>\$ 10,031</b> | \$ 19,229 |

## 7 SHAREHOLDERS' EQUITY

**Stock Split** – On June 6, 2002, ChoicePoint effected a four-for-three stock split in the form of a stock dividend for shareholders of record as of May 16, 2002. On March 7, 2001, ChoicePoint effected a three-for-two stock split in the form of a stock dividend for shareholders of record as of February 16, 2001. Share and per share data for all periods presented have been adjusted to reflect the splits.

Effective October 3, 2002, shareholders of the Company approved an amendment to the Articles of Incorporation to increase the authorized common stock of the Company from 100 million to 400 million shares.

**Stock Options** – On April 29, 2003, the shareholders of the Company approved the ChoicePoint Inc. 2003 Omnibus Incentive Plan (“2003 Plan”). The 2003 Plan provides for 3,500,000 shares of common stock that may be issued or

transferred pursuant to awards, or in payment of dividend equivalents paid with respect to awards made under the plan. The ChoicePoint Inc. 1997 Omnibus Stock Incentive Plan (the “Omnibus Plan”) authorizes grants of stock options, stock appreciation rights, restricted stock, deferred shares, performance shares, and performance units for an aggregate of 20 million shares of ChoicePoint common stock. The Omnibus Plan requires options be granted at the fair market value of the underlying stock at the date of grant, except the options granted as replacement options under the prior Equifax equity-based plans, with a maximum term of ten years. In 2003, options for 1.6 million shares were granted at fair market value of the underlying stock under these two plans with a weighted average option price of \$33.56.

A summary of changes in all outstanding options and the related weighted average exercise price per share is as follows (shares in thousands):

| December 31,               | 2003    |            | 2002    |            | 2001    |            |
|----------------------------|---------|------------|---------|------------|---------|------------|
|                            | Shares  | Avg. Price | Shares  | Avg. Price | Shares  | Avg. Price |
| Balance, beginning of year | 12,260  | \$21.44    | 11,840  | \$15.31    | 11,986  | \$12.56    |
| Granted                    | 1,571   | 33.56      | 2,946   | 40.04      | 2,554   | 26.39      |
| Canceled/forfeited         | (547)   | 32.24      | (327)   | 32.49      | (580)   | 19.64      |
| Exercised                  | (1,163) | 14.71      | (2,199) | 11.67      | (2,120) | 11.89      |
| Balance, end of year       | 12,121  | \$23.17    | 12,260  | \$21.44    | 11,840  | \$15.31    |
| Exercisable at end of year | 7,128   | \$14.97    | 7,285   | \$13.82    | 6,699   | \$11.20    |

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

| Range of Exercise Prices | Options Outstanding |  |                                 | Options Exercisable |                                 |
|--------------------------|---------------------|--|---------------------------------|---------------------|---------------------------------|
|                          | Shares              | Weighted Average Remaining Contractual Life in Years | Weighted Average Exercise Price | Shares              | Weighted Average Exercise Price |
| \$ 0.001 – \$13.340      | 3,122               | 3.2  | \$ 8.46                         | 3,122               | \$ 8.46                         |
| \$13.341 – \$17.788      | 1,571               | 4.8  | 14.01                           | 1,571               | 14.01                           |
| \$17.789 – \$22.235      | 1,257               | 5.6  | 19.13                           | 1,131               | 19.14                           |
| \$22.236 – \$26.682      | 1,739               | 6.9  | 25.98                           | 847                 | 25.96                           |
| \$26.683 – \$35.576      | 1,889               | 8.5  | 32.49                           | 303                 | 28.75                           |
| \$35.577 – \$40.630      | 1,614               | 8.0  | 38.71                           | 152                 | 38.68                           |
| \$40.631 – \$50.000      | 929                 | 8.3  | 42.40                           | 2                   | 42.80                           |

On a periodic basis, certain key officers, employees and directors of ChoicePoint are granted restricted stock under the Omnibus Plan and 2003 Plan. As of December 31, 2003, 154,000 restricted shares were outstanding. The compensation cost charged against income for restricted stock was \$5.4 million in 2003, \$5.9 million in 2002, and \$5.9 million in 2001.

The Company applies APB No. 25 and related interpretations in accounting for its stock option plans. Accordingly, the Company does not recognize compensation cost in connection with its stock option plans. See Note 3 for the pro forma effect if the Company had elected to recognize compensation cost for these plans based on the fair value at grant date as prescribed by SFAS No. 123.

**Shareholder Rights Plan** – On October 29, 1997, the Company's board of directors adopted a Shareholder Rights Plan (the "Rights Plan"). The Rights Plan contains provisions to protect the Company's shareholders in the event of an unsolicited offer to acquire the Company, including offers that do not treat all shareholders equally, the acquisition in the open market of shares constituting control without offering fair value to all shareholders, and other coercive, unfair, or inadequate takeover bids and practices that could impair the ability of the ChoicePoint board of directors to fully represent shareholders' interests. Pursuant to the Rights Plan, the ChoicePoint board of directors declared a dividend of one Share Purchase Right (a "Right") for each outstanding share of the Company's common stock as of November 14, 1997. The Rights will be represented by, and trade together with, the Company's common stock. The Rights will separate upon passage of time in certain events including the acquisition of 15% or more of the Company's common stock by a person or group of affiliated or associated persons ("Associated Persons"). The Rights will not become exercisable unless certain triggering events occur. Among the triggering events will be the acquisition of 20% or more of the Company's common stock by Associated Persons. Unless previously redeemed by the ChoicePoint board of directors, upon the occurrence of one of the specified triggering events, each Right that is not held by the 20% or more shareholder will entitle its holder to purchase one share of common stock or, under certain circumstances, additional shares of common stock at a discounted price. The Rights will cause substantial dilution to a person or group that attempts to acquire ChoicePoint on terms not approved by the ChoicePoint board of directors. Thus, the Rights are intended to encourage persons who may seek to acquire control of ChoicePoint to initiate such an acquisition through negotiation with the board of directors.

**Grantor Trusts** – ChoicePoint has established two grantor trusts totaling \$18.4 million. The funds in the grantor trusts are used to purchase ChoicePoint common stock in the open market as previously approved by the board of directors for distribution under its various compensation and benefit plans. Funds from the grantor trusts totaling \$17.3 million have been used to purchase 1.1 million shares of ChoicePoint common stock, which are reflected as treasury stock, at cost, in the December 31, 2003 balance sheet. Cash remaining in the grantor trusts of approximately \$1.1 million at December 31, 2003 and \$3.1 million at December 31, 2002 are included in cash and cash equivalents in the accompanying consolidated balance sheets.

**Treasury Stock** – In addition to the common stock held in the grantor trusts, in accordance with the terms of the awards, ChoicePoint redeemed 2,800 shares of common stock in 2003 and 24,000 shares in 2002 at market price in consideration of the minimum tax obligations for restricted stock vestings at a total cost of \$99,000 in 2003 and \$814,000 in 2002.

## 8 EMPLOYEE BENEFITS

**401(k) Profit Sharing Plan** – ChoicePoint adopted a 401(k) profit sharing plan, under which eligible Company employees may contribute up to 25% of their compensation. ChoicePoint intends to make matching contributions in the form of ChoicePoint common stock equal to a minimum of 25% of employee contributions up to the first 6% of an employee's contributions. The match made on eligible employee contributions was 61% for 2003, 64% for 2002 and 55% in 2001. Employee contributions will be invested in one of the available investment funds, as selected by the employee. Matching contributions will be invested in the ChoicePoint stock fund. ChoicePoint may make additional contributions based on achievement of targeted performance levels. DBT had a 401(k) plan which was frozen effective December 31, 2000. All eligible DBT employees were able to contribute to the ChoicePoint 401(k) plan effective January 1, 2001. The expense for the 401(k) profit sharing plan was \$3.3 million in 2003, \$4.8 million in 2002 and \$4.8 million in 2001.

As a result of the Spinoff, ChoicePoint agreed to contribute to a defined contribution plan for certain ChoicePoint employees. The additional benefits are intended to offset the adverse impact of transitioning out of a defined benefit pension plan and represent the present value of the estimated future contributions. The expense recognized and amounts contributed to the 401(k) profit sharing plan to offset the adverse impact of transitioning out of the defined benefit plan was \$1.5 million in 2003, and \$1.7 million in both 2002 and 2001.

**Deferred Compensation Plan** – ChoicePoint offers deferred compensation plans to directors and certain officers of the Company. Under these plans, amounts earned by an officer or director may be deferred and credited with gains and losses based upon four different investment alternatives, including ChoicePoint common stock. The corresponding deferred compensation liability is recorded at the current fair value of the individual's investment elections and any changes are recorded as expense in the period incurred. As of December 31, 2003 and 2002, related to these plans, the Company has recorded a liability of \$17.7 million and \$17.3 million, respectively.

**Postretirement Benefits** – As a result of the Spinoff, the Company agreed to provide certain retiree health care and life insurance benefits for a defined group of eligible employees. No additional members have been added to this group since the Spinoff. Health care and life insurance benefits are provided through a trust. The Company accrues the cost of providing postretirement benefits for medical and life insurance coverage over the active service period of each employee, net of the estimated amount of participant contributions. These postretirement benefit plans are unfunded. The accounting for the health care plans anticipates future cost-sharing changes to the written plans that are consistent with the Company’s expressed intent to increase retiree contributions equal to a percentage of health care cost increases. ChoicePoint uses December 31 as the measurement date for these plans.

The following table presents a reconciliation of the changes in the plan’s benefit obligations and fair value of assets at December 31, 2003 and 2002:

| (In thousands)<br>December 31,                            | 2003       | 2002       |
|---|------------|------------|
| Change in benefit obligation:                             |            |            |
| Obligation at beginning of year                           | \$ 33,176  | \$ 32,737  |
| Service cost  | 51         | 158        |
| Interest cost   | 2,108      | 2,338      |
| Actuarial loss  | 10,685     | 4,187      |
| Benefit payments,<br>net of participant contributions     | (5,673)    | (6,244)    |
| Obligation at end of year                                 | 40,347     | 33,176     |
| Change in plan assets:                                    |            |            |
| Fair value of plan assets at beginning of year            | –          | –          |
| Employer contributions                                    | 5,673      | 6,244      |
| Benefit payments  | (5,673)    | (6,244)    |
| Fair value of plan assets at end of year                  | –          | –          |
| Funded status:  |            |            |
| Funded status at end of year and<br>net amount recognized | (40,347)   | (33,176)   |
| Unrecognized prior service cost                           | (1,117)    | (2,719)    |
| Unrecognized loss (gain)                                  | 5,649      | (5,107)    |
| Net amount recognized                                     | (35,815)   | (41,002)   |
| Less current portion                                      | (5,000)    | (3,600)    |
| Accrued benefit cost                                      | \$(30,815) | \$(37,402) |

The current portion is included in other current liabilities in the accompanying consolidated balance sheets.

Net periodic postretirement benefit expense (income) includes the following components:

| (In thousands)<br>Year Ended December 31,          | 2003    | 2002    | 2001    |
|--|---------|---------|---------|
| Service cost                                       | \$ 51   | \$ 158  | \$ 394  |
| Interest cost on accumulated<br>benefit obligation | 2,108   | 2,338   | 2,831   |
| Amortization of prior service cost                 | (583)   | (1,066) | (1,847) |
| Amortization of losses                             | (71)    | (1,047) | (371)   |
| Curtailment gain                                   | (1,020) | –       | (712)   |
| Net periodic postretirement<br>benefit expense     | \$ 485  | \$ 383  | \$ 295  |

In 2003 and 2001, the Company recognized curtailment gains due to the sales of CPCS and the laboratory services business (Note 4).

The following are weighted average assumptions used in the computation of postretirement benefit expense and the related obligation:

| Year Ended December 31,   | 2003   | 2002   | 2001  |
|---|--------|--------|-------|
| Discount rate used to determine<br>accumulated postretirement<br>benefit obligation<br>at December 31 | 5.75%  | 6.75%  | 7.50% |
| Initial health care cost trend rate   | 12.33% | 13.38% | 9.27% |
| Ultimate health care cost trend rate  | 5.50%  | 5.50%  | 5.00% |
| Year ultimate health care cost<br>trend rate reached  | 2012   | 2012   | 2007  |

Assumed health care trend rates have a significant effect on the amounts reported for health care plans. If the health care cost trend rate were changed by 1% for all future years, the accumulated postretirement benefit obligation (“APBO”) as of December 31, 2003 would have been impacted as follows:

| (In thousands)                                     | 1-Percentage<br>Point Increase | 1-Percentage<br>Point Decrease |
|--|--------------------------------|--------------------------------|
| Effect on total APBO                               | \$975                          | \$(854)                        |
| Effect on total service<br>cost plus interest cost | 69                             | (61)                           |

The Company continues to evaluate ways in which it can better manage these benefits and control its costs. Any changes in the plan, revisions to assumptions or changes in the Medicare program that affect the amount of expected future benefits may have a significant effect on the amount of the reported obligation and future annual expense.

In connection with the VitalChek acquisition, as of December 31, 2002 the Company had a defined benefit pension plan which covered substantially all of the permanent employees of VitalChek and was terminated by the Company effective January 31, 2003.

## 9 COMMITMENTS AND CONTINGENCIES

**Leases** – The Company’s operating leases involve principally office space and office equipment. Rental expense relating to these leases was \$17.3 million in 2003, \$19.2 million in 2002, and \$19.4 million in 2001. Included in the operating leases are two synthetic lease agreements (Note 5). The Company has accounted for these synthetic leases as operating leases and has recorded rent expense. If the Company had elected to purchase the property instead of entering into the synthetic leases, assets and debt would have increased by \$67.3 million at December 31, 2003 and the Company would have recorded additional depreciation expense of \$1.7 million in 2003.

Future minimum payment obligations for noncancelable operating leases exceeding one year, net of subleases and assuming the utilization of the full notional amount under the synthetic leases, are as follows as of December 31, 2003:

| (In thousands) |                 |
|----------------|-----------------|
| Year           | Amount          |
| 2004           | \$15,870        |
| 2005           | 13,468          |
| 2006           | 10,110          |
| 2007           | 5,909           |
| 2008           | 2,435           |
| Thereafter     | 10,437          |
|                | <u>\$58,229</u> |

**Change in Control Provisions in Employment Agreements** – The Company has entered into employment agreements with certain officers to provide severance pay and benefits in the event of a “change in control” of ChoicePoint. At December 31, 2003, the maximum contingent liability under the agreements or plans was approximately \$63.3 million. In addition, the Company’s restricted stock and stock option plans provide that all outstanding grants under the Omnibus Plan shall become fully vested in the event of a change in control.

**Litigation** – A class action lawsuit against the Company was filed in the United States District Court for the Middle District of Florida on May 30, 2003 (last styled *Russell V. Rosen and Rabbi Joel Levine et al. v. ChoicePoint Inc.*) alleging violations of the federal Driver’s Privacy Protection Act (“DPPA”). The plaintiffs recently dismissed this case against all defendants. Three ChoicePoint entities have been added as defendants in a similar complaint filed in the United States District Court for the Southern District of Florida (styled *Fresco, et al. v. Automotive Directions Inc., et al.*). Additionally, Russell V. Rosen and Rabbi Joel Levine have been added as plaintiffs in this case. The complaints allege that the Company has obtained, disclosed and used information obtained from the Florida Department of Highway Safety and Motor Vehicles (“Florida DHSMV”) in violation of the DPPA. The plaintiffs seek to represent classes of individuals whose personal information from Florida DHSMV records has been obtained, disclosed and used for marketing purposes or other allegedly impermissible uses by ChoicePoint without the express written consent of the individual. A number of the Company’s competitors have also been sued in the same or similar litigation in Florida.

In addition, on July 10, 2003, a plaintiff filed a class action lawsuit against the Company in the United States District Court for the Eastern District of Louisiana (styled *Betty D. Russell v. ChoicePoint Services, Inc.*) that alleges substantially similar violations of the DPPA. The plaintiff sought to represent a national class of all individuals whose information the Company has obtained from motor vehicle records and a subclass of all individuals domiciled in Louisiana whose information the Company has obtained from motor vehicle records in Louisiana. ChoicePoint filed a Motion to Dismiss. The Court granted such motion in part and denied in part.

Each of these complaints seeks certification as a class action, compensatory damages, attorney’s fees and costs, and injunctive and other relief. The Company intends to defend against these actions vigorously. While the ultimate resolution of these cases cannot presently be determined, an unfavorable outcome in any of these cases could have a material adverse effect on the Company’s financial condition or results of operations.

ChoicePoint also is involved in other litigation from time to time in the ordinary course of its business. The Company provides for estimated legal fees and settlements relating to pending lawsuits when they are probable and reasonably estimable. The Company does not believe that the outcome of any such pending or threatened litigation in the ordinary

course of business will have a material adverse effect on the financial position or results of operations of ChoicePoint. However, as is inherent in legal proceedings where issues may be decided by finders of fact, there is a risk that unpredictable decisions adverse to the Company could be reached.

## 10 OTHER OPERATING CHARGES

The Company recorded other operating charges of \$30.9 million in 2003, \$7.3 million in 2002 and \$17.9 million in 2001. The categories of costs incurred and the accrued balances at December 31, 2003 are summarized below:

| (In thousands)                     | Remaining Accrual at<br>December 31, 2003 | 2003<br>Expense | 2002<br>Expense | 2001<br>Expense |
|------------------------------------|---|-----------------|-----------------|-----------------|
| Asset impairments                  | \$ -                                      | \$21,350        | \$2,985         | \$12,693        |
| Personnel-related merger costs     | -   | -               | -               | 1,832           |
| Other merger integration costs     | -   | -               | -               | 2,433           |
| Write down of minority investments | -   | -               | 2,370           | -               |
| Nonmerger severance                | 1,562                                     | 4,354           | 567             | 838             |
| Other one-time charges             | 3,964                                     | 5,238           | 1,420           | 69              |
|                                    | <b>\$5,526</b>                            | <b>\$30,942</b> | <b>\$7,342</b>  | <b>\$17,865</b> |

During the year ended December 31, 2003, the Company recorded other operating charges of \$30.9 million (\$19.1 million net of taxes) as a result of the realignment of our technology infrastructure and operations following the divestiture of our CPCS business, the transition to our new data center, the further consolidation of some of our public records and workplace solutions operations, and the re-engineering of certain of our direct marketing businesses. This charge included asset impairments of \$21.4 million primarily related to closed facilities or abandoned technology in the realignment and re-engineering, \$4.4 million in severance and termination benefits, and \$5.2 million of abandoned lease (net of estimated sublease income where applicable) and other contractual commitments that are expected to be satisfied at various dates through August 2008. During the second quarter of 2002, the Company recorded an unusual item charge of \$7.3 million. This

charge included a write-down of minority investments in start-up companies of \$2.4 million, asset impairments of technology initiatives of \$3.0 million, \$0.6 million in severance and termination benefits, and \$1.4 million of expenses primarily related to the closure of two facilities and remaining obligations. In the first quarter of 2001, the personnel-related costs of \$1.8 million consisted primarily of stay bonuses for services rendered through March 31, 2001 and severance and termination benefit costs primarily related to the integration of the two public records platforms and related sales and marketing departments. Other merger integration costs of \$2.4 million consisted primarily of data contract and lease exit costs. Asset impairments of \$12.7 million primarily reflected the write-down of equipment and other long-lived assets deemed to be impaired based on the integration plan for the two public records platforms finalized in the first quarter of 2001.

## 11 SEGMENT DISCLOSURES

During 2002, ChoicePoint reorganized its product lines into three reportable segments: Insurance Services (“Insurance”), Business & Government Services (“B&G”) and Marketing Services (“Marketing”) because of a change in managerial and operational reporting responsibilities and due to recent acquisitions within the Marketing Services business unit. Historical information in the following tables has been reclassified to conform to the current presentation. See Note 1 for a description of each service group. The accounting policies of the segments are the same as those described in Note 3. Substantially all of the Company’s operations are located in the United States, and no one customer represents more than 10% of total operating revenue.

| (In thousands)                               | December 31, 2003 |                  | December 31, 2002 |                  | December 31, 2001 |                  |   |
|--|-------------------|------------------|-------------------|------------------|-------------------|------------------|---|
|  | Revenue           | Operating Income | Revenue           | Operating Income | Revenue           | Operating Income | Unaudited Pro forma Operating Income <sup>(b)</sup> |
| Insurance                                    | \$309,124         | \$172,518        | \$270,282         | \$144,639        | \$227,727         | \$119,407        | \$120,507   |
| B&G  | 339,483           | 71,080           | 308,761           | 69,424           | 267,409           | 45,089           | 56,203  |
| Marketing revenue from products and services | 96,642            | 21,849           | 105,833           | 32,866           | 76,461            | 22,185           | 26,391  |
| Reimbursable expenses                        | 45,395            | –                | 38,520            | –                | 38,028            | –                | –   |
| Marketing                                    | 142,037           | 21,849           | 144,353           | 32,866           | 114,489           | 22,185           | 26,391  |
| Royalty (Note 3)                             | 5,102             | 2,068            | 5,855             | 3,326            | 6,808             | 4,400            | 4,400   |
| Divested and discontinued                    | –                 | –                | 72                | (206)            | 24,243            | (1,771)          | (968)   |
| Corporate and shared <sup>(a)</sup>          | –                 | (58,013)         | –                 | (60,185)         | –                 | (49,278)         | (49,278)  |
| Other operating charges (Note 10)            | –                 | (30,942)         | –                 | (7,342)          | –                 | (17,865)         | (17,865)  |
| Loss on sale of business                     | –                 | –                | –                 | –                | –                 | (10,853)         | (10,853)  |
| <b>Total</b>                                 | <b>\$795,746</b>  | <b>\$178,560</b> | <b>\$729,323</b>  | <b>\$182,522</b> | <b>\$640,676</b>  | <b>\$111,314</b> | <b>\$128,537</b>                                    |

| (In thousands)              | December 31, |            |            |          | Unallocated & Other <sup>(c)</sup> | Continuing Operations | CPCS   | Total       |
|-----------------------------|--------------|------------|------------|----------|------------------------------------|-----------------------|--------|-------------|
|                             | Insurance    | B&G        | Marketing  | Royalty  |                                    |                       |        |             |
| <b>2003</b>                 |              |            |            |          |                                    |                       |        |             |
| Assets                      | \$ 174,909   | \$ 574,439 | \$ 216,371 | \$ 4,317 | \$ 51,248                          | \$1,021,284           | \$ –   | \$1,021,284 |
| Depreciation & amortization | 9,583        | 28,081     | 8,049      | 1,697    | 5,710                              | 53,120                | 159    | 53,279      |
| <b>2002</b>                 |              |            |            |          |                                    |                       |        |             |
| Assets                      | 158,773      | 519,129    | 217,203    | 5,709    | 56,494                             | 957,308               | 21,702 | 979,010     |
| Depreciation & amortization | 8,675        | 21,634     | 8,682      | 1,697    | 4,162                              | 44,850                | 909    | 45,759      |
| <b>2001</b>                 |              |            |            |          |                                    |                       |        |             |
| Assets <sup>(d)</sup>       | 135,439      | 393,186    | 190,621    | 5,902    | 86,010                             | 811,158               | 21,234 | 832,392     |
| Depreciation & amortization | 8,521        | 30,798     | 10,189     | 1,700    | 6,892                              | 58,100                | 1,412  | 59,512      |

<sup>(a)</sup> Corporate and shared expenses represent costs of support functions, research and development initiatives, incentives, and profit sharing that benefit all segments.

<sup>(b)</sup> Unaudited pro forma operating income represents operating results as if the discontinuation of goodwill amortization was effective January 1, 2001.

<sup>(c)</sup> Unallocated and Other includes certain corporate items and eliminations that are not allocated to the segments.

<sup>(d)</sup> Where not specifically identifiable, assets have been allocated to segments based on management estimates.

## 12 RELATED PARTY TRANSACTIONS

During 2003, one director of ChoicePoint served as Director Emeritus of The Home Depot, Inc. and two directors of ChoicePoint served as directors of The Home Depot, Inc. During 2003, the Company performed services for The Home Depot, Inc. through the Business & Government Services segment totaling approximately \$15.6 million (\$11.7 million net of pass-through expenses). These services were the result of arm's length negotiations in the ordinary course of business.

One director of the Company is a director of FleetBoston Financial Corporation. In 2002, ChoicePoint entered into the Credit Facility with a total commitment of \$325 million, in which Fleet National Bank, a subsidiary of FleetBoston Financial Corporation, participates in the amount of \$25 million. As of December 31, 2003, there are no borrowings outstanding under the Credit Facility. Total interest paid to Fleet National Bank in 2003 related to this transaction for borrowings outstanding during

2003 was approximately \$83,000. ChoicePoint also has a synthetic lease with a total commitment of up to \$48 million, in which Fleet National Bank participates in the amount of \$13.8 million. As of December 31, 2003, \$42.3 million was outstanding under the synthetic lease, of which ChoicePoint is liable to Fleet National Bank for \$12.2 million. Interest paid to Fleet National Bank in 2003 related to this transaction was approximately \$268,000. In addition, during 2003, the Company provided public record information services for FleetBoston Financial Corporation totaling approximately \$30,000. The Credit Facility, synthetic lease and services performed were the results of arm's length negotiations conducted in the ordinary course of business.

One director of ChoicePoint served as a director of Allmerica Financial Corporation until July 1, 2003. During 2003, the Company provided database claims information and credentialing services for Allmerica Financial Corporation totaling approximately \$3.9 million. These services were the result of arm's length negotiations in the ordinary course of business.

## 13 QUARTERLY FINANCIAL SUMMARY (UNAUDITED)

Following is a summary of the unaudited interim results of operations for each quarter in the years ended December 31, 2003 and 2002:

| (In thousands, except per share data)<br>Year Ended December 31, 2003 | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Total            |
|---|------------------|-------------------|------------------|-------------------|------------------|
| Revenue from products and services                                    | <b>\$184,005</b> | <b>\$188,779</b>  | <b>\$189,116</b> | <b>\$188,451</b>  | <b>\$750,351</b> |
| Reimbursable expenses   | <b>10,944</b>    | <b>10,470</b>     | <b>12,402</b>    | <b>11,579</b>     | <b>45,395</b>    |
| Total revenue   | <b>194,949</b>   | <b>199,249</b>    | <b>201,518</b>   | <b>200,030</b>    | <b>795,746</b>   |
| Operating income <sup>(a)</sup>                                       | <b>51,803</b>    | <b>34,663</b>     | <b>47,774</b>    | <b>44,320</b>     | <b>178,560</b>   |
| Income from continuing operations                                     | <b>31,291</b>    | <b>20,853</b>     | <b>29,055</b>    | <b>26,909</b>     | <b>108,108</b>   |
| Net income  | <b>65,175</b>    | <b>20,853</b>     | <b>29,055</b>    | <b>26,909</b>     | <b>141,992</b>   |
| EPS from continuing operations, basic                                 | <b>0.37</b>      | <b>0.24</b>       | <b>0.34</b>      | <b>0.31</b>       | <b>1.26</b>      |
| EPS from continuing operations, diluted                               | <b>0.35</b>      | <b>0.23</b>       | <b>0.32</b>      | <b>0.30</b>       | <b>1.21</b>      |
| <u>Year Ended December 31, 2002</u>                                   |                  |                   |                  |                   |                  |
| Revenue from products and services                                    | \$158,642        | \$172,236         | \$178,832        | \$181,093         | \$690,803        |
| Reimbursable expenses   | 10,019           | 9,923             | 10,098           | 8,480             | 38,520           |
| Total revenue   | 168,661          | 182,159           | 188,930          | 189,573           | 729,323          |
| Operating income <sup>(a)</sup>                                       | 44,222           | 38,733            | 49,990           | 49,577            | 182,522          |
| Income from continuing operations                                     | 25,839           | 22,406            | 29,558           | 29,869            | 107,672          |
| Income before cumulative effect of change in<br>accounting principle  | 27,414           | 24,113            | 31,262           | 31,454            | 114,243          |
| Net income  | 2,998            | 24,113            | 31,262           | 31,454            | 89,827           |
| EPS from continuing operations, basic                                 | 0.31             | 0.27              | 0.35             | 0.35              | 1.28             |
| EPS from continuing operations, diluted                               | 0.29             | 0.25              | 0.33             | 0.34              | 1.21             |

The unaudited quarterly financial information reflects all adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented.

<sup>(a)</sup> Operating income decreased in the second, third and fourth quarters of 2003 and the second quarter of 2002 due to \$19.8 million, \$4.0 million, \$7.1 million and \$7.3 million of other operating charges, respectively (Note 10). The net effect of these items on net income was \$12.2 million or \$0.14 per share in the second quarter of 2003, \$2.5 million or \$0.03 per share in the third quarter of 2003, \$4.4 million or \$0.05 per share in the fourth quarter of 2003 and \$4.5 million or \$0.05 per share in the second quarter of 2002.

**Elected Officers**

**Derek V. Smith**

Chairman and Chief Executive Officer  
Joined Company 1997\*

**Doug C. Curling**

President and Chief Operating Officer  
Joined Company 1997\*

**David T. Lee**

Executive Vice President  
Joined Company 1997\*

**Steven W. Surbaugh**

Chief Financial Officer  
Joined Company 2002

**J. Michael de Janes**

General Counsel  
Joined Company 1997\*

**David W. Davis**

Corporate Secretary and  
Vice President of Government Affairs  
Joined Company 2003

**David E. Trine**

Treasurer and Corporate Controller  
Joined Company 1997\*

*\*Also member of the ChoicePoint senior management team prior to the Spinoff in 1997.*

**Annual Meeting**

The Annual Meeting of Shareholders will be held on April 29, 2004 at ChoicePoint's headquarters, 1000 Alderman Drive, Alpharetta, GA 30005. Shareholders are encouraged to attend the meeting, which will begin at 10:00 a.m. local time. Alpharetta is a suburb of Atlanta.

**Market Information**

ChoicePoint common stock trades on the world's largest financial market, the New York Stock Exchange (NYSE), under the symbol CPS. Shareholders will find volume and pricing information in leading financial publications as well as the Investor Relations section of ChoicePoint's Web site ([www.choicepoint.com](http://www.choicepoint.com)).

As of February 29, 2004, there were 88.0 million common shares outstanding and ChoicePoint common stock was held by 3,808 shareholders of record.

**Quarterly Stock Performance**

ChoicePoint common stock first traded on August 8, 1997 at a price – adjusted for a two-for-one stock split effective November 24, 1999, a three-for-two split effective March 7, 2001 and a four-for-three split effective June 6, 2002 – of \$8.94. Shown below, on that adjusted basis, are high and low sale prices for each quarter of 2002 and 2003.

|                | High           | Low            |
|----------------|----------------|----------------|
| Q1 2002        | \$44.21        | \$35.55        |
| Q2 2002        | 48.15          | 40.50          |
| Q3 2002        | 47.56          | 32.00          |
| Q4 2002        | 40.30          | 29.75          |
| <b>Q1 2003</b> | <b>\$42.04</b> | <b>\$28.30</b> |
| <b>Q2 2003</b> | <b>38.51</b>   | <b>32.00</b>   |
| <b>Q3 2003</b> | <b>39.75</b>   | <b>31.90</b>   |
| <b>Q4 2003</b> | <b>38.97</b>   | <b>33.39</b>   |

**Analyst Coverage**

A number of leading Sell Side financial analysts and investment advisory services produce investment research on ChoicePoint. For an up-to-date list, see the Investor Relations section of the ChoicePoint Web site, [www.choicepoint.com](http://www.choicepoint.com).

**Dividend Policy**

ChoicePoint has not paid any dividends since it became a public company, and it does not anticipate paying any in the near future.

**Investor Information**

The Investor Relations section of ChoicePoint's corporate Web site ([www.choicepoint.com](http://www.choicepoint.com)) contains a wealth of valuable information, ranging from financial news releases and filings to archived (audio) copies of investor conference calls.

For additional information, or to obtain copies of the Form 10-K for the year ended December 31, 2003 (which will be provided free of charge with a copy of the financial statements and schedules), Form 10-Q, or other materials, please contact:

John Mongelli  
Vice President, Investor Relations  
1000 Alderman Drive  
Alpharetta, GA 30005  
Email: [investors@choicepoint.com](mailto:investors@choicepoint.com)  
Phone: 770-752-6171

Financial reports can also be obtained from ChoicePoint's Web site.

**Conference Calls**

ChoicePoint conducts quarterly conference calls to discuss financial performance and other issues of importance to investors. To learn about scheduled calls, hear archived copies of previous calls, and to listen in to live Webcasts, visit the Web site at [www.choicepoint.com](http://www.choicepoint.com).

**Transfer Agent and Registrar**

Shareholders with questions concerning the transfer of shares, lost certificates, changes of address, or other issues should contact ChoicePoint's transfer agent and registrar:

SunTrust Bank, Inc.  
P.O. Box 4625  
Atlanta, GA 30302  
800-568-3476

**Independent Public Accountants**

Deloitte & Touche LLP  
Atlanta, GA

**Trademarks**

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## BOARD OF DIRECTORS

ChoicePoint 2003 Annual Report



**Thomas M. Coughlin**<sup>1,2†,5</sup>  
Vice Chairman  
Wal-Mart Stores, Inc.  
Director Since 2001



**Doug C. Curling**<sup>3</sup>  
President and  
Chief Operating Officer  
ChoicePoint Inc.  
Director Since 2000



**James M. Denny**<sup>2</sup>  
Retired Vice Chairman  
Sears, Roebuck & Co.  
Director Since 1997



**Dr. John J. Hamre**<sup>3†,4,5</sup>  
President and  
Chief Executive Officer  
Center for Strategic and  
International Studies  
Director Since 2002



**Bonnie G. Hill**<sup>4</sup>  
President  
B. Hill Enterprises LLC  
Director Since 2001



**Charles I. Story**<sup>3</sup>  
President and  
Chief Executive Officer  
INROADS, Inc.  
Director Since 1997



**Kenneth G. Langone**<sup>1,5†</sup>  
Chairman, President,  
and Chief Executive Officer  
Invemed Associates LLC  
Director Since 2000



**Bernard Marcus**  
Co-Founder  
The Home Depot, Inc.  
Director Since 2000



**John B. McCoy**<sup>2</sup>  
Retired Chairman  
Bank One Corporation  
Director Since 2003



**Terrence Murray**<sup>1,4†,5</sup>  
Retired Chairman  
FleetBoston  
Financial Corporation  
Director Since 2002



**Derek V. Smith**<sup>††</sup>  
Chairman and  
Chief Executive Officer  
ChoicePoint Inc.  
Director Since 1997

### Board Committees

1. Executive Committee 2. Audit Committee 3. Privacy Committee 4. Management Compensation and Benefits Committee 5. Corporate Governance and Nominating Committee  
† Denotes Committee Chairperson

## CORPORATE GOVERNANCE

ChoicePoint is committed to maintaining the highest standards of corporate governance and continues to seek ways to strengthen the Board of Directors' responsibility to its shareholders, employees, customers, and to the communities where it operates.

As a leader and advocate for the responsible use of information, we believe it is an inherent part of our corporate mandate to strive for the highest standards in the areas of corporate governance, shareholder responsibility and professional, ethical conduct. The Company is in full compliance with all corporate governance measures required by the SEC and NYSE.

During this past year, our corporate governance practices were further strengthened by the approval of a limitation on the number of committees that directors may chair. This action limits directors to one chair position and as a result, the Board of Directors approved changes to the committee structures. The new committee compositions and chairs are indicated above. Additionally, new executive compensation guidelines were approved by the Management Compensation and Benefits Committee, which limits the number of shares that may be granted annually to employees and specifically to the top officers under the ChoicePoint Inc. 2003 Omnibus Incentive Plan.

A copy of the ChoicePoint Inc. Code of Conduct, Code of Ethics for Senior Financial Officers and Business Unit Leaders, the Corporate Governance Guidelines and charters for the Audit Committee, Management Compensation and Benefits Committee and Corporate Governance and Nominating Committee may be found on the Company's Web site at [www.choicepoint.com](http://www.choicepoint.com).

ChoicePoint®



1000 ALDERMAN DRIVE  
ALPHARETTA, GEORGIA 30005  
WWW.CHOICEPOINT.COM  
770-752-6000

#### **Information About ChoicePoint**

ChoicePoint Inc., a publicly traded company headquartered in the Atlanta suburb of Alpharetta, GA, is the leading provider of identification and credential verification services for making smarter decisions in a world challenged by the reality of risks. Serving the needs of business, government, non-profit organizations and individuals, ChoicePoint works to create a safer and more secure society through the responsible use of information while ensuring the protection of personal privacy. As of February 29, 2004, ChoicePoint employs more than 3,700 people at locations from coast to coast in the United States.

#### **Corporate Headquarters**

ChoicePoint Inc.  
1000 Alderman Drive  
Alpharetta, GA 30005  
770-752-6000  
[www.choicepoint.com](http://www.choicepoint.com)

#### **Employment Information**

ChoicePoint's successful strategy for growth, coupled with the increased need for identification and credential verification services in today's society, has created rewarding career opportunities at the equal opportunity employer. To learn more about those opportunities visit our corporate Web site or contact us at:

Human Resources  
ChoicePoint Inc.  
1000 Alderman Drive  
Alpharetta, GA 30005