

INTERCEPT INC
Form PREM14A
September 29, 2004
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the registrant Filed by a party other than the registrant

Check the appropriate box:

Preliminary proxy statement

Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive proxy statement

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- .. Definitive additional materials
- .. Soliciting materials pursuant to Section. 240.14a-12

INTERCEPT, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- .. No fee required.
- x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: Common Stock; Series B Preferred Stock

(2) Aggregate number of securities to which transaction applies:

21,778,587

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): \$18.90

(4) Proposed maximum aggregate value of transaction:

\$411,615,294

(5) Total fee paid:

\$52,152

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed

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PRELIMINARY COPY

3150 Holcomb Bridge Road

Norcross, Georgia 30071

PROPOSED MERGER - YOUR VOTE IS VERY IMPORTANT

Dear InterCept Shareholder:

Fidelity National Financial, Inc., a publicly-traded Delaware corporation (Fidelity), Fidelity National Information Services, Inc., a Delaware corporation and a wholly-owned subsidiary of Fidelity (FIS), Fusia Merger Sub, Inc., a Georgia corporation and wholly-owned subsidiary of FIS (Merger Sub) and InterCept, Inc. have agreed to a merger of Merger Sub with and into InterCept. In the merger, InterCept will become a wholly-owned subsidiary of FIS. We are sending you this proxy statement to ask you to vote in favor of the merger and related matters at our annual meeting to be held at our headquarters located at 3150 Holcomb Bridge Road, Suite 200, Norcross, Georgia on Monday, November 8, 2004, at 10:00 a.m., local time.

If the merger is completed, each share of InterCept common stock will be converted into the right to receive \$18.90 in cash.

At our annual meeting of shareholders, you will also be asked to consider and vote on the election of five directors to serve until the expiration of their terms or until their successors are duly elected and qualified. If our shareholders approve the proposed merger, however, we expect to close the merger on the date of the annual meeting or as soon as possible thereafter. In that event, the directors currently in office will continue in office until the closing of the merger, and the results of the election of directors will not take effect.

The merger requires the approval and adoption by the affirmative vote of at least two-thirds of the outstanding shares of InterCept's common stock. Shareholders of InterCept who beneficially own approximately 17.9% of the outstanding InterCept common stock have entered into agreements with Fidelity to vote all of their shares in favor of the merger agreement and the merger.

After careful consideration, the InterCept board of directors unanimously approved the merger agreement and the merger and has determined that the merger and the related transactions are fair to and in the best interests of InterCept and its shareholders. The InterCept board of directors recommends that you vote FOR the approval of the merger and the adoption of the merger agreement and FOR the election of the board's nominees named in this proxy statement. You can vote your shares by signing and dating the enclosed proxy card and returning it in the enclosed postage-paid envelope.

The InterCept board of directors has established the close of business on September 15, 2004 as the record date for the determination of InterCept shareholders entitled to notice of, and to vote at, the annual meeting. InterCept shareholders are entitled to assert dissenters' rights

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under Article 13 of the Georgia Business Corporation Code, a copy of which is attached as *Appendix C*.

Your vote is important. Whether or not you plan to attend the annual meeting in person, please take the time to vote your shares by completing, signing and dating the enclosed proxy card and promptly returning it in the accompanying postage-paid envelope. **If you do not vote, it will have the same effect as voting against the merger agreement and the merger.**

Sincerely,

John W. Collins
Chairman of the Board and Chief Executive Officer

This proxy statement is dated October 8, 2004 and is first being mailed to shareholders on or about that date.

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NOTICE OF 2004 ANNUAL MEETING OF SHAREHOLDERS

Date: November 8, 2004
Time: 10:00 a.m. local time
Place: InterCept, Inc.
3150 Holcomb Bridge Road, Suite 200
Norcross, Georgia 30071

To InterCept's shareholders:

InterCept will hold its annual meeting of shareholders at 10:00 a.m., local time, on Monday, November 8, 2004 at the company's headquarters located at 3150 Holcomb Bridge Road, Suite 200, Norcross, Georgia, for the following purposes:

1. to consider and vote on a proposal to approve and adopt the Agreement and Plan of Merger dated as of September 8, 2004 among Fidelity National Financial, Inc., Fidelity National Information Services, Inc., Fuscia Merger Sub, Inc., and InterCept, Inc., a copy of which is attached as *Appendix A*;
2. to elect five directors to serve until the expiration of their terms or until their successors are duly elected and qualified (provided that if the merger is consummated, the election of directors will not take effect); and
3. to transact any other business that may properly come before the meeting or any adjournments of the meeting.

Only shareholders of record at the close of business on September 15, 2004 are entitled to vote at the annual meeting and any adjournments. The presence, in person or by duly executed proxy, of the holders of shares of our common stock and shares of our preferred stock (considered on an as-converted-to-common stock basis) representing a majority of the votes entitled to be cast at the annual meeting is required to hold the meeting and transact business. Approval of the merger agreement, however, will require the affirmative vote of at least two-thirds of the outstanding shares of InterCept common stock, voting as a separate group. InterCept shareholders are entitled to assert dissenters' rights under Article 13 of the Georgia Business Corporation Code, a copy of which is attached as *Appendix C*.

You are cordially invited to attend the meeting. **Your vote is important to ensure your representation at the meeting. Whether or not you are planning to attend the meeting, please complete, date, and sign the enclosed proxy card and return it promptly. The delivery of the proxy does not preclude you from voting in person if you attend the meeting. If you do not vote, it will have the same effect as voting against the merger agreement and the merger, and will have no effect upon the election of directors, assuming a quorum is present.** No additional postage is necessary if mailed in the United States. If you do desire to revoke your proxy, you may do so at any time before the vote as discussed on page 12 below.

The InterCept board of directors has determined that the merger agreement, the transactions contemplated by it, and the election of the director nominees are in the best interests of InterCept and its shareholders. The members of the InterCept board of directors unanimously recommend that the shareholders vote at the annual meeting to approve these proposals.

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If you have any questions or need assistance in voting, please contact us by calling our Director of Investor Relations, Carole Collins, at 770-248-9600.

John W. Collins
Chairman of the Board and

Chief Executive Officer

October 8, 2004

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Appendix A	Amended and Restated Agreement and Plan of Merger
Appendix B	Opinion of Jefferies & Company, Inc. to the Board of Directors of InterCept, Inc.
Appendix C	Article 13 of the Georgia Business Corporation Code, entitled Dissenters' Rights
Appendix D	Form of Shareholder's Agreement between Fidelity and each of John W. Collins and Glenn W. Sturm
Appendix E	Form of Shareholder's Agreement between Fidelity and each of John D. Schneider, Jr., J. Daniel Speight, Jonathan R. Coe, L. Rand Fluitt, Farrell S. Mashburn, Denise C. Saylor, and Michael D. Sulpy
Appendix F	Shareholder's Agreement between Fidelity and JANA Master Fund, Ltd.
Appendix G	Form of Shareholder's Agreement between Fidelity and Sprout Capital IX, L.P., DLJ Capital Corporation and Sprout Entrepreneurs Fund, L.P.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q. What am I being asked to vote on?

- A. You are being asked to approve the acquisition of InterCept by Fidelity through a proposed merger transaction, as more fully described in this proxy statement.

Q. What will happen in the merger?

- A. Upon completion of the merger, an indirect wholly-owned subsidiary of Fidelity will be merged with and into InterCept. As a result, InterCept will become an indirect wholly-owned subsidiary of Fidelity. You will be entitled to receive the merger consideration, as described below, for each share of InterCept common stock that you hold.

Q. What will I receive in the merger?

- A. If the merger agreement is approved and the merger is subsequently completed, each share of InterCept common stock that you hold will be converted into the right to receive \$18.90 in cash.

Q. Does the InterCept board of directors recommend the approval of the merger?

- A. *Yes. The InterCept board of directors has unanimously approved the merger and recommends that you vote FOR the approval of the merger and the merger agreement.* The InterCept board of directors considered many factors in deciding to recommend the approval of the merger, including the risk of remaining independent, the value of the merger consideration as compared to remaining independent, the fairness opinion of InterCept's independent financial advisor, Jefferies & Company, Inc., and the premium to the then current market price of InterCept common stock represented by the merger consideration. See *Proposal No. 1 The Merger* Opinion of Jefferies & Company, Inc. to the InterCept Board of Directors beginning on page 20 and Appendix B.

Q. What vote is required to approve the merger?

- A. Approval of the merger agreement will require both:
- (a) the affirmative vote of the holders of 66 ²/₃% of the outstanding InterCept common shares, voting as a separate voting group; and
 - (b) the approval of a majority of all of the votes entitled to be cast on the merger by both the common shareholders and the holders of Series B preferred stock, voting as a single voting group.

Given the number of votes held by the common shareholders and the holders of Series B preferred stock (who have already agreed to vote in favor of the merger), the affirmative vote of the holders of 66 ²/₃% of the outstanding InterCept common shares will satisfy clause (a) and clause (b).

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InterCept directors, executive officers and others holding at least 3,702,239 shares, or approximately 17.9% of the outstanding shares of InterCept common stock as of September 15, 2004, have signed shareholder s agreements with Fidelity under which they agreed to vote their shares of InterCept common stock in favor of the merger. Under the terms of the shareholder s agreements, each shareholder also

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granted Fidelity an option to purchase their shares of InterCept common stock under certain circumstances if the merger is not consummated and subject to the satisfaction of certain conditions. For a more detailed description of the terms of the shareholder s agreements, see *The InterCept Annual Meeting Share Ownership of Management and Directors; Shareholder s Agreements* beginning on page 13.

Q. What is the effect if I abstain or fail to give instructions to my broker?

A. If you submit a properly executed proxy, your shares will be counted as part of the quorum even if you abstain from voting or withhold your vote. Broker non-votes also are counted as part of the quorum. A broker non-vote occurs when brokers or other nominees holding shares on behalf of a shareholder do not receive voting instructions from the shareholder by a specified date before the meeting. Because the approval of the merger requires the affirmative vote of two-thirds of our outstanding common stock, however, abstentions and broker non-votes will have the same effect as a vote *against* the merger agreement and the merger.

Q. What rights do I have if I oppose the merger?

A. You can vote against the merger by indicating a vote against the proposal on your proxy card and signing and mailing your proxy card, or by voting against the merger in person at the meeting. The failure to submit a proxy or vote at the annual meeting will have the same effect as a vote against the adoption and approval of the merger agreement and approval of the merger. The failure to submit a proxy or vote at the annual meeting will have no effect on the election of directors, assuming a quorum is present. Under Georgia law, holders of InterCept common and preferred stock are entitled to dissenters rights in connection with the merger. Under the Georgia Business Corporation Code, shareholders with dissenters rights are entitled to dissent from the merger and obtain payment of the fair value of their shares if the transactions are consummated. Attached as *Appendix C* is Article 13 of the Georgia Business Corporation Code, entitled Dissenters Rights. See *Dissenters Rights* beginning on page 52.

Q. Should I send in my stock certificates now?

A. No. After the merger is completed, you will receive a transmittal form and written instructions on how to exchange your InterCept stock certificate(s) for the merger consideration.

Q. If the merger is completed, when can I expect to receive the merger consideration for my shares?

A. The exchange agent will arrange for the payment of the merger consideration to be sent to you as promptly as practicable after the consummation of the merger and following receipt of your stock certificate(s) and other required documents.

Q. When do you expect the merger to be completed?

A. We expect to complete the merger as soon as practicable after the InterCept annual meeting on November 8, 2004. The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Georgia. In this proxy statement, we refer to the date and time the merger becomes effective as the effective time. Because the merger is subject to conditions beyond the parties control, however, we cannot predict whether or when the merger will be completed.

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Q. Are there any conditions to completion of the merger?

- A. In addition to the approval of the InterCept shareholders, the merger is also subject to various conditions, which include the following conditions:

the absence of material adverse changes affecting InterCept or Fidelity;

obtaining all necessary regulatory approvals; and

the absence of any legal restraint against the merger.

For a more detailed description of the conditions to the merger, see *The Merger Agreement – Conditions to the Merger* beginning on page 44.

Q. If I own options to purchase InterCept common stock, what will happen to them?

- A. If you hold options to purchase shares of InterCept common stock that do not, by their terms, expire at or before the completion of the merger, then upon completion of the merger those options will immediately vest and be converted into options to acquire shares of Fidelity common stock on the same terms and conditions that were applicable to the InterCept options, provided that the Fidelity options will generally terminate 90 days after closing unless otherwise provided by separate agreement or sooner terminated in accordance with their terms. For a more detailed description of the conversion of InterCept stock options in connection with the merger, see *The Merger Agreement – Treatment of Stock Options and Employee Stock Purchase Plan* beginning on page 50.

Q. What are the tax consequences of the merger to me?

- A. Your receipt of cash in exchange for your InterCept shares will be a taxable transaction for U.S. federal income tax purposes under the Internal Revenue Code. For a more detailed description of the tax consequences to you of the merger, see *Proposal No. 1 – The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 31.

Q. What happens if I sell my InterCept common stock before the annual meeting?

- A. The record date for the InterCept annual meeting is September 15, 2004. If you held your shares of InterCept common stock on the record date but have transferred those shares after the record date and before the merger, you will retain your right to vote at the InterCept annual meeting but not the right to receive the merger consideration. The right to receive the merger consideration will pass to the person to whom you transferred your shares of InterCept common stock.

Q. What do I need to do now?

- A. After you have carefully read this proxy statement, indicate on your proxy how you want to vote, and sign and return the proxy as soon as possible so that your shares may be represented and voted at the InterCept annual meeting. If you send the proxy without indicating how you want to vote, we will count your proxy as a vote in favor of the merger. The board of directors of InterCept recommends voting FOR the merger.

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Q. If my shares are held in street name by my broker, will my broker vote my shares for me?

A. Your broker will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without instructions, your shares will not be voted on the proposed merger, which will have the same effect as voting *against* the merger.

Q. How do I vote?

A. Other than by attending the annual meeting and voting in person, InterCept allows its registered shareholders to vote by mail, using the enclosed proxy card and envelope.

Q. Can I change my vote after I have mailed my signed proxy card?

A. Yes. There are several ways in which you may revoke your proxy and change your vote. First, you may send a written notice to the party to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy. Third, you may attend the InterCept annual meeting and vote in person. Simply attending the annual meeting, however, will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote, and you may not vote at the annual meeting without following those procedures.

Q. Who can vote?

A. Only shareholders of record as of the close of business on September 15, 2004 may vote at the annual meeting. See *The InterCept Annual Meeting Record Date and Outstanding Shares* beginning on page 12.

Q. What does it mean if I receive more than one proxy or voting instruction card?

A. It means that your shares are registered differently or held in more than one account. Please complete, sign, date and mail each proxy card that you receive.

Q. Who should I contact if I have questions about the merger and need additional copies of the proxy statement?

A. If you have any questions about the merger or would like additional copies of this proxy statement or the enclosed proxy card, you should contact Carole Collins, Director of Investor Relations, InterCept, Inc., 3150 Holcomb Bridge Road, Suite 200 Norcross, Georgia 30071, telephone number (770) 248-9600.

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SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. You should carefully read this entire proxy statement and the other documents to which this proxy statement refers to fully understand the merger and the other matters being submitted to shareholders. Each item in this summary includes a page reference directing you to a more detailed description of that item.

The Companies

Fidelity National Financial, Inc.

601 Riverside Avenue

Jacksonville, FL 32204

(904) 854-8100

Fidelity National Financial, Inc., a Delaware corporation, is the largest title insurance and diversified real estate services and solutions company in the United States. Fidelity's title insurance underwriters—Fidelity National Title, Chicago Title, Tigor Title, Security Union Title and Alamo Title—together issued approximately 29% of all title insurance policies issued in the United States during 2003. Fidelity is also a leading provider of technology solutions, processing services, and information services to the financial services and real estate industries. Over 2,400 financial institutions use Fidelity services, including 45 of the 50 largest banks in the U.S. Fidelity applications process nearly 50% of all U.S. residential mortgage loans by dollar volume, and over 235 million deposit accounts and non-mortgage consumer loans and leases are processed on Fidelity core bank processing platforms. Fidelity also provides customized business process outsourcing related to aspects of the origination and management of mortgage loans to national lenders and loan servicers. Fidelity's information services, including property data and real estate-related services, are used by mortgage lenders, mortgage investors and real estate professionals to complete residential real estate transactions throughout the U.S. Fidelity's common stock is traded on the New York Stock Exchange under the symbol FNF.

InterCept, Inc.

3150 Holcomb Bridge Road

Norcross, Georgia 30071

(770) 248-9600

InterCept, Inc., a Georgia corporation, is a single-source provider of a broad range of technologies, products and services that work together to meet the technology and operating needs of financial institutions. InterCept's products and services include core data processing, check processing and imaging, electronic funds transfer, debit card processing, data communications management, and related products and services. InterCept's common stock is listed on NASDAQ under the symbol ICPT.

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The Merger

General

Fidelity will acquire InterCept through a merger in which Fuscia Merger Sub, Inc., a newly formed and indirect wholly-owned subsidiary of Fidelity, will merge with and into InterCept, with InterCept surviving the merger as an indirect wholly-owned subsidiary of Fidelity.

Merger Consideration (Page 38)

In the merger, each share of InterCept common stock that you hold will be converted into the right to receive \$18.90 in cash.

InterCept Stock Options and Employee Stock Purchase Plan (Page 50)

Upon completion of the merger, each outstanding option to purchase InterCept common stock that does not terminate by its terms shall immediately vest and be exchanged for an option to purchase Fidelity common stock, provided that the Fidelity options will generally terminate 90 days after closing unless otherwise provided by separate agreement or sooner terminated in accordance with their terms. The number of shares of Fidelity common stock subject to each converted option, as well as the exercise price of each option, will be adjusted to reflect the exchange ratio. The exchange ratio means \$18.90 divided by the average closing price per share of Fidelity's common stock on the New York Stock Exchange for the ten most recent trading days ending on (and including) the trading day one day before the effective time.

The last purchase date for employees participating in the InterCept employee stock purchase plan occurred on September 30, 2004, and any shares purchased on that date will be converted into merger consideration. The InterCept board of directors has suspended the plan as of October 1, and it will terminate as of the effective time of the merger.

For a more detailed description of the treatment of InterCept stock options and the InterCept employee stock purchase plan in connection with the merger, see *The Merger Agreement – Treatment of Stock Options and Employee Stock Purchase Plan*.

Recommendation of InterCept's Board of Directors; InterCept's Reasons for the Merger (Page 14)

InterCept's board of directors has unanimously approved the merger agreement and the merger, determined that the merger is fair to, and in the best interests of, InterCept, and recommends that you vote FOR the proposal to approve and adopt the merger agreement. InterCept's reasons for entering into the merger agreement and factors considered by InterCept's board of directors in determining whether to enter into the merger agreement are described in *Proposal No. 1 – The Merger – InterCept Reasons for the Merger; Recommendation of the InterCept Board of Directors*.

Opinion of InterCept's Financial Advisor (Page 20)

Jefferies has delivered its written opinion dated September 8, 2004 to InterCept's board of directors to the effect that, as of the date of the opinion and subject to the assumptions, limitations and qualifications contained in the opinion, the merger consideration to be received by the holders of

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InterCept common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. A copy of the opinion delivered by Jefferies is attached as *Appendix B*. You should read this opinion in its entirety to understand the assumptions made, matters considered and limitations on the review undertaken by Jefferies in providing its opinion.

Material U.S. Federal Income Tax Consequences of the Merger (Page 31)

Your receipt of cash in exchange for your shares will be a taxable transaction for U.S. federal income tax purposes under the Internal Revenue Code and may be a taxable transaction for foreign, state and local income tax purposes as well. Shareholders will recognize gain or loss measured by the difference, if any, between (x) the cash the holder receives in the merger and (y) the holder's adjusted tax basis in the InterCept shares surrendered in exchange. You should consult your own tax advisors regarding the tax consequences of the merger particular to you.

Regulatory Approvals Required for the Merger (Page 33)

Completion of the merger is subject to compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, also referred to as the HSR Act. The notifications required under the HSR Act to the Federal Trade Commission and the Antitrust Division of the Department of Justice were filed on September [___], 2004.

Interests of Certain Persons in the Merger That Are Different from Your Interests (Page 33)

In addition to their interests as shareholders, some of InterCept's directors and executive officers have interests in the merger that may differ from your interests as an InterCept shareholder. InterCept's board of directors was aware of these interests in approving the merger and the merger agreement. These interests include, but are not limited to, the following:

Change in Control Agreements; Effect on Options. InterCept has entered into change in control agreements with some of its executive officers and employees. Under the agreements, approval of the merger by InterCept's shareholders will be a change in control. Each of the executive officers who entered into change in control agreements will be entitled to receive a cash payment equal to 12 months' salary upon termination of employment following a change in control. In addition, all of the outstanding unexercised options of those executives will vest immediately and become exercisable upon a change in control.

Options to acquire shares of InterCept common stock will be exchanged in the merger for options to acquire shares of Fidelity common stock, provided that the Fidelity options will generally terminate 90 days after closing unless sooner terminated in accordance with their terms. Under the change in control agreements referenced above, however, all of the outstanding unexercised options of these executives and employees will remain outstanding and exercisable for the remainder of their terms instead of terminating in 90 days.

Employment Agreements. InterCept has employment agreements with its Chief Executive Officer, John W. Collins, its President, G. Lynn Boggs and one of its Executive Vice Presidents, L. Rand Fluitt, that provide severance packages upon termination of employment following a change in control.

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Non-Competition Agreement of John W. Collins. In connection with the merger, Mr. Collins has entered into a non-competition agreement with Fidelity, Fidelity Information Services, Inc. and InterCept.

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Pursuant to the terms of the non-competition agreement, and in consideration of the payment at the closing of the merger of \$2.1 million to Mr. Collins, Mr. Collins agreed not to engage in certain activities that are competitive with identified businesses for a period of three years following the effective time of the merger.

Indemnification. Under the terms of the merger agreement, InterCept's directors and officers will be entitled to indemnification in certain circumstances.

Dissenters' Rights (Page 52)

InterCept's shareholders have a right to dissent and receive the fair value of their InterCept common stock. Please see *Dissenters' Rights* for a description of the procedures required to exercise your right to dissent.

Effective Time (Page 38)

The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Georgia. In this proxy statement, we refer to the date and time the merger becomes effective as the effective time.

Conditions to Completion of the Merger (Page 44)

InterCept and Fidelity will not complete the merger unless a number of conditions are satisfied or waived, including approval of the merger by the InterCept shareholders and other closing conditions described more fully in *The Merger Agreement - Conditions to the Merger*.

No Solicitation of Transactions (Page 45)

InterCept has agreed that neither it nor its representatives will solicit, initiate, encourage or facilitate any inquiries or the making of any proposal for (1) a merger, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or other similar transaction involving InterCept; (2) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of 10% or more of InterCept's assets; (3) a tender offer or exchange offer for, or an offer to purchase directly from InterCept, 15% or more of the outstanding voting securities of or other equity interests in InterCept; or (4) any solicitation in opposition to adoption by InterCept's shareholders of the merger agreement, or enter into any discussions or agreement with respect to any such proposal, unless InterCept receives a written proposal not solicited after September 8, 2004 that the InterCept board of directors determines in good faith, after consultation with its legal and financial advisors, constitutes or is reasonably likely to lead to a superior proposal, according to the terms of the merger agreement, and a number of other conditions are satisfied.

Termination of the Merger Agreement (Page 47)

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InterCept and Fidelity may terminate the merger agreement by mutual agreement, and the merger agreement may otherwise be terminated under certain other circumstances described more fully in *The Merger Agreement* *Termination of the Merger Agreement*.

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Termination Fees (Page 49)

As a condition to Fidelity's willingness to enter into the merger agreement, InterCept has agreed to pay Fidelity a termination fee of \$15 million and expenses of up to \$2 million if the merger agreement is terminated under certain circumstances described more fully in *The Merger Agreement - Termination Fee; Expense Reimbursement*. In certain circumstances, Fidelity will be obligated to pay InterCept the same termination fee and expenses.

The Annual Meeting

InterCept will hold its annual meeting of shareholders on November 8, 2004 at 10:00 a.m., local time, at the headquarters of InterCept, located at 3150 Holcomb Bridge Road, Suite 200, Norcross, Georgia. At the InterCept annual meeting, InterCept shareholders will be asked to approve and adopt the merger agreement and the transactions contemplated by the agreement, including the merger. In addition, shareholders will vote to elect five directors to serve until the expiration of their terms or until their successors are duly elected and qualified. If the merger is approved, however, the existing directors will continue to serve until the consummation of the merger. If the merger is not approved or if the merger is not consummated, the elected directors will take office as soon as reasonably practical thereafter.

Record Date (Page 12)

You are entitled to vote at the InterCept annual meeting if you owned shares of InterCept common stock at the close of business on September 15, 2004, which is the record date for the annual meeting. On the record date, there were 20,786,207 shares of common stock and 100,000 shares of Series B preferred stock issued and outstanding and entitled to vote. Each share of common stock entitles the holder to one vote on each matter presented at the annual meeting. Each share of Series B preferred stock entitles the holder to 9.5238095 votes on each matter presented at the annual meeting. In total, the holders of the Series B preferred stock are entitled to 952,380 votes. A list of shareholders eligible to vote will be available at the annual meeting.

Vote Required; Quorum (Pages 12 and 14)

Approval of the merger agreement will require both:

- (a) the affirmative vote of the holders of 66 ²/₃% of the outstanding InterCept common shares, voting as a separate voting group; and
- (b) the approval of a majority of all of the votes entitled to be cast on the merger by both the common shareholders and the holders of Series B preferred stock, voting as a single voting group.

Given the number of votes held by the common shareholders and the holders of Series B preferred stock (who have already agreed to vote in favor of the merger), the affirmative vote of the holders of 66 ²/₃% of the outstanding InterCept common shares will satisfy clause (a) and clause (b). The presence, in person or by duly executed proxy, of the holders of shares of InterCept common stock and preferred stock (considered on an as-converted-to-common stock basis) representing a majority of the votes entitled to be cast at the annual meeting is required to hold the

meeting and conduct business. This is called a quorum.

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Proxies, Voting and Revocation (Pages 11 and 12)

Shares of InterCept common and preferred stock (considered on an as-converted-to-common stock basis) represented at the InterCept annual meeting by properly executed proxies received before or at the annual meeting, and not revoked, will be voted at the annual meeting and at any adjournments or postponements of the annual meeting, in accordance with the instructions on the proxies. If a proxy is duly executed and submitted without instructions, the shares represented by that proxy will be voted **FOR** the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger and **FOR** the election of five directors to serve until the expiration of their terms or until their successors are duly elected and qualified and in the discretion of InterCept's management with respect to any other matter that comes before the meeting, including any matters incident to the conduct of the meeting. Proxies are being solicited on behalf of the InterCept board of directors.

Share Ownership of Management, Directors and Affiliates; Shareholder's Agreements (Page 13)

As of September 15, 2004, directors and executive officers of InterCept and their affiliates holding 3,702,239 shares of InterCept common stock, or approximately 17.9% of the outstanding shares of InterCept common stock, entered into shareholder's agreements with Fidelity in connection with the execution of the merger agreement. Under the shareholder's agreements, each such shareholder has agreed to grant Fidelity a proxy to vote all of his InterCept shares in favor of the merger agreement, against any other business combination involving InterCept and a third party, and in favor of any other matter related to and necessary for the consummation of the transactions contemplated by the merger agreement. Each such shareholder also agreed not to sell any of his InterCept shares (other than shares acquired through the exercise of options) until the merger is consummated or the merger agreement is terminated. Each such shareholder also granted Fidelity an option to purchase all his outstanding shares at \$18.90 per share if the merger agreement is terminated for certain reasons and certain events occur thereafter as specifically set forth in the shareholder's agreements, which are included in this proxy statement as *Appendices D, E, F and G*.

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THE ANNUAL MEETING

This proxy statement is being mailed to the holders of InterCept common stock for use at the InterCept annual meeting to be held on Monday, November 8, 2004 at 10:00 a.m., local time, at the company's headquarters located at 3150 Holcomb Bridge Road, Suite 200, Norcross, Georgia, and at any adjournments or postponements thereof.

Purpose of the Meeting

At the annual meeting, you will be asked to consider and vote upon a proposal to approve and adopt the merger agreement between Fidelity's indirect wholly-owned subsidiary and InterCept, and to vote for the election of five directors to serve until the expiration of their terms or until their successors are duly elected and qualified. If the merger is approved, however, the existing directors will continue to serve until the consummation of the merger. If the merger is not approved or if the merger is not consummated, the elected directors will take office as soon as reasonably practical thereafter.

How to Vote

Your vote is important. Shareholders of record can vote by mail as described below. If you are a beneficial owner, please refer to our proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you.

Proxies

You may use the accompanying proxy if you are unable to attend the InterCept annual meeting in person or wish to have your shares voted by proxy even if you do attend the InterCept annual meeting. All shares of InterCept common stock represented by valid proxies received pursuant to this solicitation, and not revoked before they are exercised, will be voted in the manner specified therein. Proxies that do not contain voting instructions will be voted in favor of the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger; in favor of the election of five directors to serve until the expiration of their terms or until their successors are duly elected and qualified; and in the discretion of InterCept's management with respect to any other matter that comes before the meeting, matters incident to the conduct of the meeting (other than adjournments or postponements of the meeting).

Vote by Mail

To be effective, completed proxy cards must be received before the annual meeting. If you choose to vote by mail, simply mark your proxy, date and sign it, and return it in the enclosed, postage-paid envelope.

Voting at the Annual Meeting

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The method you use to vote will not limit your right to vote at the annual meeting if you decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, however, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the annual meeting. All shares that have been properly voted and not revoked will be voted at the annual meeting. If you sign and return your proxy card but do not give voting instructions, the shares represented by that

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proxy will be voted in favor of the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, in favor of the election of five directors to serve until the expiration of their terms or until their successors are duly elected and qualified; and in the discretion of InterCept's management with respect to any other matter that comes before the meeting, including any matters incident to the conduct of the meeting (other than adjournment or postponement).

Voting on Other Matters

If other matters are properly presented at the annual meeting for consideration, the persons named on the proxy card will have the discretion to vote on those matters for you.

Revocation of Proxies

Proxies may be revoked at any time before they are voted by:

written notice addressed to InterCept, Inc., 3150 Holcomb Bridge Road, Suite 200, Norcross, Georgia 30071, Attention: Carole Collins, Assistant Corporate Secretary;

timely delivery of a valid, later-dated proxy; or

voting by ballot at the annual meeting.

Attendance at the annual meeting will not, in itself, constitute revocation of a previously granted proxy.

Record Date and Outstanding Shares

Only shareholders of record at the close of business on September 15, 2004 are entitled to notice of and to vote at the InterCept annual meeting. On that day, 20,786,207 shares of common stock and 100,000 shares of Series B preferred stock were outstanding and eligible to vote. Each share of common stock entitles the holder to one vote on each matter presented at the annual meeting. Each share of Series B preferred stock entitles the holder to 9.5238095 votes on each matter presented at the annual meeting. In total, the holders of the Series B preferred stock are entitled to 952,380 votes. (Under InterCept's articles of incorporation, this amount is determined by dividing the original Series B preferred stock exchange price per share of \$100.00 by the initial conversion price of \$10.50 per share, which equals 9.5238095.) A list of shareholders eligible to vote will be available at the annual meeting.

Vote Required

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Approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger, will require both:

- (a) the affirmative vote of the holders of 66 ²/₃% of the outstanding InterCept common shares, voting as a separate voting group; and
- (b) the approval of a majority of all of the votes entitled to be cast on the merger by both the common shareholders and the holders of Series B preferred stock, voting as a single voting group.

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Given the number of votes held by the common shareholders and the holders of Series B preferred stock (who have already agreed to vote in favor of the merger), the affirmative vote of the holders of 66 ²/₃% of the outstanding InterCept common shares will satisfy clause (a) and clause (b).

As described below under the headings *Share Ownership of Management and Directors; Shareholder s Agreements and Proposal No. 1 The Merger Interests of Certain Persons in the Merger That Are Different from Your Interests*, it is expected that at least 3,702,239 shares, or approximately 17.9% of the outstanding shares of InterCept common stock as of September 15, 2004, held by directors, executive officers and others that are parties to shareholder s agreements with Fidelity, will vote in favor of the merger.

Under NASDAQ rules, brokers and nominees are precluded from exercising their voting discretion on the proposal to approve and adopt the merger agreement. For this reason, absent specific instructions from the beneficial owner of shares, brokers and nominees are not permitted to vote such shares. Because the approval of the merger requires the affirmative vote of two-thirds of our outstanding common stock, a broker non-vote will have the same effect as a vote *against* the merger agreement and the merger. **The InterCept board of directors urges InterCept s shareholders to complete, date and sign the accompanying proxy and return it promptly in the enclosed, postage-paid envelope.**

Under our articles of incorporation, the holders of common stock and Series B preferred stock vote together as a single voting group on Proposal No. 2 Election of Directors, and directors are elected by plurality. Shareholders do not have cumulative voting rights. If a quorum is present:

(a) the three Class III director nominees receiving the highest number of votes for their election will be elected as directors;

(b) the Class II director nominee receiving the highest number of votes for his election will be elected as a director; and

(c) the Class I director nominee receiving the highest number of votes for his election will be elected as a director.

Share Ownership of Management and Directors; Shareholder s Agreements

As of September 15, 2004, directors and executive officers of InterCept and their affiliates held and were entitled to vote 3,702,239 shares of InterCept common stock, or approximately 17.9% of the outstanding shares of InterCept common stock. Each of these shareholders has entered into a shareholder s agreement with Fidelity in connection with the execution of the merger agreement. Pursuant to the terms of the shareholder s agreements, each such shareholder has agreed to grant Fidelity a proxy to vote all of his InterCept shares in favor of the merger agreement, against any other business combination involving InterCept and a third party, and in favor of any other matter related to and necessary for the consummation of the transactions contemplated by the merger agreement. Under the shareholder s agreements, each such shareholder agreed not to sell any of his InterCept shares (other than shares acquired through the exercise of options) until the merger is consummated or the merger agreement is terminated. Each such shareholder also granted Fidelity an option to purchase all of his outstanding shares at \$18.90 per share if the merger agreement is terminated for certain reasons and certain events occur thereafter as specifically set forth in the shareholder s agreements, which are included in this proxy statement as *Appendices D, E, F and G*.

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Quorum

Shares of our common stock and shares of our preferred stock (considered on an as-converted-to-common stock basis) representing a majority of the votes entitled to be cast at the 2004 annual meeting must be present at the meeting, either in person or by proxy, to hold the meeting and conduct business. This is called a quorum. In general, abstentions and broker non-votes will be counted as present or represented for the purposes of determining a quorum for the annual meeting.

Expenses of Solicitation

The expenses of the solicitation of proxies with respect to the InterCept annual meeting will be shared equally by InterCept and Fidelity. Solicitation of proxies from some InterCept shareholders may be made by InterCept's officers, directors, consultants and employees by telephone, facsimile, or in person after the initial solicitation.

Recommendation of the InterCept Board of Directors

The InterCept board of directors has determined that the merger agreement, the transactions contemplated by it, and the election of the director nominees are in the best interests of InterCept and its shareholders. The members of the InterCept board of directors unanimously recommend that the shareholders vote at the annual meeting to approve these proposals. See *Proposal No. 1 - The Merger - InterCept Reasons for the Merger; Recommendation of the InterCept Board of Directors*.

Miscellaneous

It is not expected that any other matters will be brought before the InterCept annual meeting. If any other matters are properly brought before the meeting (excluding, however, a motion to adjourn or postpone the InterCept annual meeting to another time and/or place), the persons named on the accompanying proxy card will vote the shares represented by the proxy upon such matters in their discretion. Should the meeting be reconvened, all proxies will be voted in the same manner as such proxies would have been voted when the InterCept annual meeting was originally convened, except for proxies effectively revoked or withdrawn before the time proxies are voted at the reconvened meeting.

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PROPOSAL NO. 1 THE MERGER

The following describes certain aspects of the proposed merger. Because this discussion is a summary, it may not contain all of the information that is important to you. To understand the merger fully, and for a more detailed description of the legal terms of the merger, please read the merger agreement carefully. A copy of the merger agreement is attached as *Appendix A* to this proxy statement and is incorporated into it by reference.

General

The merger agreement provides for Fidelity to acquire InterCept through a merger transaction, which is referred to in this proxy statement as the merger. In the proposed transaction, Fuscia Merger Sub, Inc., referred to in this proxy statement as Merger Sub, will merge with and into InterCept, with InterCept continuing as the surviving corporation.

Upon completion of the merger, InterCept will be an indirect wholly-owned subsidiary of Fidelity. Merger Sub's articles of incorporation and bylaws will become the articles of incorporation and bylaws of the surviving entity, except that that the name will be changed to InterCept, Inc. in the articles of incorporation of the surviving entity.

Background of the Merger

On October 29, 2003, John W. Collins, InterCept's Chairman of the Board of Directors and Chief Executive Officer, notified InterCept's board of directors that he was considering submitting an offer to take the company private and had engaged in preliminary discussions with financing sources for such a transaction. In response to Mr. Collins' announcement, InterCept's board established a committee of independent directors to review and evaluate the strategic alternatives available to InterCept, including considering any proposal received from Mr. Collins, and to make a recommendation to the board with respect thereto. The special committee retained its own legal counsel and financial advisors. After the announcement of the formation of the special committee, several companies, including Fidelity as noted below, initiated contact with the committee and expressed interest in acquiring InterCept.

On November 7, 2003, Fidelity sent a letter to the special committee of InterCept's board of directors regarding a proposed acquisition of InterCept by Fidelity.

In November 2003, a representative of Raymond James & Associates, Inc., one of the financial advisors of the special committee, contacted Fidelity regarding its possible interest in acquiring InterCept.

On December 9, 2003, InterCept and Fidelity executed a non-disclosure letter regarding information to be exchanged between the two companies as part of the process undertaken by InterCept's special committee.

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On December 12, 2003, InterCept announced that Mr. Collins had decided not to pursue a possible going private transaction. Mr. Collins advised the InterCept board that, after consultation with possible financing sources, he had concluded that he could not formulate an offer that he believed would be in the best interests of InterCept's shareholders. With the concurrence of the board, the special committee and its advisors continued to evaluate the indications of interest received from third parties.

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In late December 2003, the special committee provided confidential information regarding InterCept prepared by the special committee's financial advisors to third parties, including Fidelity, who had indicated an interest in acquiring InterCept and had signed a confidentiality agreement. During January 2004, the special committee received and evaluated ten indications of interest, including the one from Fidelity.

On January 8, 2004, William P. Foley, II, Fidelity's Chairman and Chief Executive Officer, and other members of Fidelity's management visited InterCept's offices for a meeting with Mr. Collins, G. Lynn Boggs, InterCept's President and Chief Operating Officer. A representative of Raymond James also attended the meeting.

At a February 13, 2004 meeting of the InterCept board of directors, the board received a presentation from the special committee and its advisors regarding the indications of interest received. The InterCept board of directors, by a vote of three to two, determined that it was not in the best interests of InterCept and its shareholders to continue to pursue the sale process at that time. The majority of InterCept's board concluded that shareholder value would be maximized by settling a pending class action lawsuit, completing the sale of InterCept's merchant services division and focusing InterCept's efforts on expanding its core financial services business. Fidelity and the other interested parties were then notified of InterCept's determination not to pursue the sale process.

On February 18, 2004, InterCept entered into an agreement to settle the class action lawsuit. On March 22, 2004, InterCept completed the sale of its merchant services division.

In early April 2004, JANA Partners, LLC and JANA Master Fund, Ltd. (sometimes referred to together as "JANA") initiated a proxy contest for control of InterCept's board of directors. InterCept engaged in a proxy contest and related litigation with JANA until June 11, 2004 as noted below.

On April 27, 2004, Mr. Foley and another member of Fidelity management met with Glenn W. Sturm, an InterCept director. In the course of the conversation, Mr. Foley mentioned that Fidelity continued to be interested in acquiring InterCept.

On June 7, 2004, InterCept's board of directors met to interview four investment banks that had expressed an interest in representing the board of directors in the event it elected to explore strategic alternatives. Jefferies was included in the banks interviewed due to its knowledge of the industry and familiarity with the company and potential buyers.

On June 11, 2004, as described below in *Information Related to Settlement of Proxy Contest with JANA*, InterCept issued a press release announcing that it would explore strategic alternatives to enhance shareholder value, including a possible sale of the company, and had retained Jefferies as its financial advisor to assist it in doing so. In addition, the press release announced that InterCept had agreed with JANA to settle the proxy contest and pending litigation and to jointly support a panel of director nominees for election at the 2004 annual meeting of InterCept shareholders.

On June 14, Fidelity submitted a new letter to InterCept's board of directors indicating Fidelity's continuing interest in pursuing an acquisition of InterCept. After receiving the letter, InterCept's board decided not to negotiate a deal solely with Fidelity but rather to include Fidelity in a broader marketing process.

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On June 22, as part of the overall marketing process, Jefferies sent an executive summary containing an overview of InterCept's business to Fidelity, as well as to the other interested parties that had executed a confidentiality agreement with InterCept. In total, Jefferies contacted 23 parties on behalf of InterCept. All parties that executed confidentiality agreements were sent executive summaries of InterCept and asked to submit indications of interest by July 2, 2004.

On June 23, in accordance with the settlement agreement, InterCept's board of directors increased the size of the board from six to nine members and filled the three vacant seats created by the expansion by electing as directors Kevin J. Lynch and Marc Weisman, the two nominees proposed by JANA, and J. Daniel Speight.

On July 2, Jefferies received initial bids from eight interested parties for the potential acquisition of InterCept.

On July 7, Jefferies reviewed with the InterCept board of directors its preliminary analysis of the proposals received. At this meeting, the InterCept board of directors decided to continue the process with four parties, including Fidelity.

On July 14, members of InterCept's management and financial advisors met with members of Fidelity management to discuss InterCept's and Fidelity's businesses.

Between July 14 and August 2, the parties selected to continue in the sale process, including Fidelity, were invited to meet with management, participate in management presentations and conduct detailed due diligence. During this time, Jefferies requested that final bids be submitted by August 3.

On August 3, Jefferies received revised proposals from three remaining interested parties, including Fidelity. On August 6, Jefferies reviewed with the InterCept board of directors its analysis of the three revised proposals. At this meeting, the InterCept board of directors decided to continue the process with only Fidelity, which in the view of Jefferies and the board, submitted the best of the three offers. Consequently, Fidelity was invited to conduct confirmatory due diligence and pursue negotiations regarding the terms of the definitive agreements.

On August 10-12, members of Fidelity management and other Fidelity employees met again with InterCept management and employees at InterCept's offices to conduct further detailed due diligence and to negotiate the agreements. Lawyers with InterCept's counsel, Nelson Mullins Riley & Scarborough LLP, and Fidelity's counsel, LeBoeuf, Lamb, Greene & MacRae, L.L.P., participated in these discussions.

On August 16, members of InterCept's management and Jefferies visited Fidelity's corporate offices in Jacksonville, Florida for the purposes of performing due diligence on Fidelity and to discuss certain terms of the definitive agreements.

On August 17, Mr. Sturm met with members of Fidelity's senior management in Fidelity's corporate office to discuss certain terms of the definitive agreements.

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On August 20, the InterCept board of directors met by telephone with InterCept's management and legal and financial advisors to discuss the status of the negotiations with Fidelity, including various open issues under the draft merger agreement.

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On August 31, the InterCept board of directors met by telephone with InterCept's management and legal and financial advisors to discuss the status of the negotiations with Fidelity, the progress of Fidelity's due diligence investigation and the transaction negotiations. During this call, representatives of Jefferies made a presentation to the board of directors that included a corporate overview of InterCept, a preliminary valuation analysis and an overview of Fidelity. Following the presentation, the InterCept board of directors determined it was in the best interest of the shareholders and the company to continue to pursue a transaction with Fidelity.

On September 2, the InterCept board of directors met by telephone with InterCept's management and legal and financial advisors to discuss the status of the negotiations with Fidelity. At this meeting, the board discussed Fidelity's proposed transaction structure of 75% cash/25% stock, provided that Fidelity would have the option to convert to an all cash transaction before the proxy statement was mailed to InterCept's shareholders. (Fidelity subsequently exercised that option as described below.)

Between August 9 and September 7, members of Fidelity management, representatives from Fidelity's counsel, members of InterCept management, representatives from InterCept's counsel, and Jefferies had numerous telephone conferences discussing and negotiating the terms of the merger agreement and the other related agreements, instruments and certificates.

At a meeting on September 7, the InterCept board of directors met to consider the proposed transaction with Fidelity, including the draft of the merger agreement. Representatives of Jefferies presented their financial analysis of the transaction to the board of directors. The board discussed the remaining open issues in the merger agreement and other definitive documents, including the proposed merger consideration. Given these open issues, the board agreed to adjourn the meeting until 2:00 p.m. on September 8. After the board meeting was adjourned, the parties and their counsel continued to negotiate the final terms of the definitive agreements.

When the board meeting was reconvened on the afternoon of September 8, the board reviewed the proposed final terms of the definitive agreements, including the final proposed merger price of \$18.90 per share, the option provisions in the shareholder's agreements and the \$2.1 million payable to Mr. Collins under the non-competition agreement. Representatives of Jefferies then reviewed their financial analysis of the transaction and rendered to the InterCept board an oral opinion that, as of the date of the meeting, and based upon and subject to the factors and assumptions set forth in its written opinion, the merger consideration to be received by the holders of InterCept common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. (The oral opinion was confirmed in writing. See *Opinion of Jefferies & Company, Inc. to the InterCept Board of Directors* and *Appendix B*.) The InterCept board of directors discussed the final terms of the proposed merger agreement and related documents, along with a variety of considerations concerning the transaction. The board then unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

On September 8, 2004, InterCept and Fidelity entered into the merger agreement, and certain InterCept officers and directors, as well as JANA, executed shareholder's agreements.

On September 9, Fidelity and InterCept issued separate press releases announcing the execution of the merger agreement.

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Beginning on September 9, counsel for the parties began preparing drafts of the registration statement and proxy statement required for the merger. Subsequently, as permitted by article 3A of the original merger agreement, Fidelity notified InterCept and its counsel that it had decided that the merger consideration would be all cash rather than partly in cash and partly in Fidelity common stock. On September 29, the parties signed the amended and restated merger agreement; InterCept filed the preliminary proxy materials with the SEC; and InterCept issued a press release announcing the change in the transaction structure to all cash.

InterCept Reasons for the Merger; Recommendation of the InterCept Board of Directors

In reaching its determination to recommend approval and adoption of the merger agreement and the merger, the InterCept board of directors considered a number of factors, including the following:

the terms and conditions of the proposed merger, including the fact that each share of InterCept common stock is to be converted into the right to receive \$18.90 in merger consideration;

the presentations of Jefferies regarding the financial terms of the proposed transaction and the opinion of Jefferies to the effect that, as of the date of the opinion and subject to the assumptions, limitations and qualifications contained in the opinion, the merger consideration to be received by the holders of InterCept common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders;

current financial market conditions and historical market prices, volatility and trading information with respect to Fidelity common stock and InterCept common stock;

the belief that the terms of the merger agreement, including the parties' representations, warranties and covenants, and the conditions to the parties' respective obligations, are reasonable;

the increasing competition that InterCept faces from both existing and potential competitors, many of which have greater assets and resources than InterCept, which has occurred as a result of, among other reasons, the consolidation taking place in the financial technology industry in general;

the expressed desire of several large shareholders that the company be sold rather than remain independent;

the belief that the likelihood of receiving a superior proposal from another merger partner is low, in light of the marketing process conducted by InterCept with Jefferies' assistance since June 2004;

the impact of the offer and the merger on InterCept's customers and employees; and

the likelihood of obtaining required regulatory approvals.

The InterCept board of directors also considered the terms of the merger agreement regarding InterCept's rights to consider and negotiate other acquisition proposals, as well as the possible effects of

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the provisions regarding termination fees. The board also considered various alternatives to the offer and the merger, including remaining as an independent company. The board believed that these factors, including the board's review of the terms of the merger agreement, supported the board's recommendation of the merger when viewed together with the risks and potential benefits of the merger. The board also identified and considered a variety of potentially negative factors in its deliberations concerning the merger, including, but not limited to:

the possibility that the merger might not be completed and the effect of public announcement of the merger on InterCept's sales and operating results, and its ability to attract and retain key personnel;

the fact that following announcement of the merger agreement, InterCept's relationships with employees, agents and customers might be negatively affected because of uncertainty surrounding InterCept's future status and direction; and

the fact that the executive officers and directors of InterCept may have interests in the proposed merger that are different from and in addition to the interests of InterCept shareholders generally. See *Proposal No. 1 The Merger Interests of Certain Persons in the Merger That Are Different from Your Interests*.

The board of directors believed that these risks were outweighed by the potential benefits of the merger.

The discussion above addresses the material factors considered by the board of directors in its consideration of the merger. In view of the variety of factors and the amount of information considered, the board did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. The determination was made after consideration of all of the factors as a whole. In addition, individual members of the board may have given different significance to different factors. For a discussion of the interests of certain members of InterCept management and board of directors in the merger, see *Proposal No. 1 The Merger Interests of Certain Persons in the Merger That Are Different from Your Interests*.

The InterCept board of directors has unanimously approved the merger agreement and the merger, has determined that the merger is fair to and in the best interests of InterCept and its shareholders. Accordingly, the InterCept board recommends that you vote FOR approval and adoption of the merger agreement and the merger.

Opinion of Jefferies & Company, Inc. to the InterCept Board of Directors

Overview

Pursuant to an engagement letter dated June 11, 2004, InterCept engaged Jefferies & Company, Inc. to act as financial advisor in connection with the potential sale of InterCept or substantially all of its material assets and, if requested by InterCept, to render a written opinion to InterCept's board of directors as to whether the consideration to be received in the proposed sale is fair to InterCept and its shareholders from a financial point of view. On September 8, 2004, Jefferies rendered its written opinion to the InterCept board of directors to the effect that, as of such date and based upon the assumptions made, matters considered and limits of review as set forth in such opinion, the consideration to be received in the merger by the InterCept common shareholders was fair from a financial point of view. The written

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opinion confirmed the oral opinion that Jefferies delivered to the InterCept board of directors on September 8, 2004.

The full text of the Jefferies opinion, which sets forth the assumptions made, matters considered and limitations on the scope of review undertaken, is attached to this proxy statement as *Appendix B* and is incorporated herein by reference. The description of the Jefferies opinion set forth herein is qualified in its entirety by reference to the full text of the Jefferies opinion. InterCept urges its shareholders to read the Jefferies opinion in its entirety.

The Jefferies opinion is addressed to the InterCept board of directors and relates only to the fairness, from a financial point of view, of the consideration to be received in the merger by the InterCept common shareholders. The terms of the proposed merger, including the consideration to be received by the InterCept common shareholders, were determined through negotiations between Fidelity and InterCept and were not determined or recommended by Jefferies. Jefferies' opinion does not address the merits of the underlying business decision by InterCept to enter into the merger and does not constitute a recommendation of the merger over any alternative transactions that may be available to InterCept or the InterCept common shareholders. The Jefferies opinion does not constitute, nor should it be construed as, a recommendation to any InterCept shareholder as to how such shareholder should vote at the InterCept annual meeting.

In conducting its analysis and arriving at its opinion, Jefferies, among other things:

- Performed comprehensive marketing of the company to potential buyers whose possible interest in a transaction was solicited and considered by the company and Jefferies;
- Evaluated and assessed all offers submitted;
- Reviewed a draft of the merger agreement dated September 8, 2004;
- Reviewed certain financial and other information about the company and Fidelity that was publicly available;
- Reviewed certain internal financial and operating information, including financial forecasts and projections and certain of the company's contracts, that was provided to Jefferies by the company, taking into account (a) the growth prospects of the company and the various market segments in which it competes, (b) the company's historical financial performance, (c) the company's ability to meet its financial forecasts and projections, and (d) the effects on the company's business of the company's contracts that Jefferies reviewed;
- Met with InterCept's and Fidelity's managements regarding the business prospects, financial outlooks and operating plans of their respective companies and held discussions concerning the impact on InterCept, Fidelity and their respective prospects of the economy and their industries, including the effect of the current economic environment;
- Reviewed certain estimates of cost savings and other combination benefits expected to result from the merger, as prepared and provided to Jefferies by InterCept's management;
- Reviewed certain change-of-control and non-compete agreements between the company and certain executive officers of the company that would cause cash payments and other benefits to accrue to such executive officers as a result of the merger;
- Reviewed the historical prices, trading multiples and trading volumes of the common shares of InterCept and Fidelity;
- Compared the financial characteristics and valuations in the public market of companies that Jefferies deemed similar to that of the company and Fidelity, respectively, in markets, services offered and size;

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Reviewed public information with respect to recent acquisition transactions that Jefferies deemed comparable to the merger;
Reviewed the premiums to pre-announcement stock prices paid in recent acquisition transactions that were similar in size to the merger;
Performed a discounted cash flow analysis to analyze the present value of the future cash flow streams that the company has indicated it expects to generate;
Reviewed the pro forma financial results of Fidelity giving effect to the merger; and
Performed such other studies, analyses and investigations and considered such other financial, economic and market criteria as Jefferies considered appropriate in arriving at its opinion.

In its review and analysis and in rendering its opinion, Jefferies relied upon, but did not assume any responsibility to independently investigate or verify, the accuracy and completeness of all financial and other information that was provided to Jefferies by InterCept or Fidelity or that was publicly available to Jefferies (including, without limitation, the information described above). The Jefferies opinion was expressly conditioned upon such information (whether written or oral) being complete, accurate and fair in all respects. Further, Jefferies made no independent investigation of any legal or accounting matters affecting InterCept or Fidelity, and Jefferies assumed the correctness of all legal and accounting advice given to InterCept, Fidelity, the InterCept board of directors and the Fidelity board of directors, including, without limitation, advice as to the accounting and tax consequences of the merger to InterCept and its shareholders and to Fidelity. The Jefferies opinion did not take into account any of the tax consequences of the proposed transaction on InterCept or any of the shareholders of InterCept.

With respect to the financial projections and financial models provided to and examined by Jefferies, Jefferies noted that projecting future results of any company is inherently subject to uncertainty. InterCept informed Jefferies, however, and Jefferies assumed, that such projections and models were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of InterCept management as to InterCept's future financial performance, the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated to result from the merger, and other matters covered thereby. In addition, in rendering its opinion, Jefferies assumed that InterCept will perform in all material respects in accordance with such projections and models for all periods specified therein. Although such projections and models did not form the principal basis for the Jefferies opinion but rather constituted one of many factors that Jefferies considered, changes to such projections and models could affect the opinion rendered.

In its review, Jefferies did not obtain any independent evaluation or appraisal of the assets or liabilities of InterCept or Fidelity, nor did Jefferies conduct a comprehensive physical inspection of any of the assets of InterCept or Fidelity, nor was Jefferies furnished with any such evaluations or appraisals for InterCept or Fidelity or reports of such physical inspections for InterCept or Fidelity, nor did Jefferies assume any responsibility to obtain any such evaluations, appraisals or inspections for InterCept or Fidelity. Jefferies also did not evaluate the solvency or fair value of InterCept or Fidelity under any state or federal laws relating to bankruptcy, insolvency or similar matters.

In rendering its opinion Jefferies assumed that: (a) the merger will be consummated on the terms described in the merger agreement without any waiver of any material terms or conditions and that the conditions to the consummation of the merger will be satisfied without material expense, except as noted in the merger agreement; (b) at the date of the written opinion there was not, and there will not as a result of the consummation of the merger be, any default, or event of default, under any indenture, credit agreement or other material agreement or instrument to which InterCept or any of its subsidiaries or

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affiliates are a party; and (c) all of the material assets and liabilities of InterCept are, to the extent required to be so set forth or disclosed under generally accepted accounting principles, as set forth or disclosed in its consolidated financial statements.

The Jefferies opinion is based on economic, monetary, political, regulatory, market and other conditions existing and which could be evaluated as of the date of the written opinion; however, such conditions are subject to rapid and unpredictable change, and such changes could affect the conclusions expressed in the opinion. Further, Jefferies assumed that there have been no material changes in InterCept's or Fidelity's respective assets, financial condition, results of operations, business or prospects since the most recent financial statements made available to Jefferies. In its opinion, Jefferies expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion after the date of the written opinion.

The Jefferies opinion was provided solely for the benefit and use of the InterCept board of directors in its consideration of the merger. The Jefferies opinion may not be reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose without Jefferies prior written consent.

Jefferies Financial Analyses

The following is a summary of the material financial analyses performed by Jefferies in connection with rendering its opinion to the InterCept board of directors and is being provided to you for your reference. CERTAIN INFORMATION IS PRESENTED IN TABULAR FORM. TO BETTER UNDERSTAND THE FINANCIAL ANALYSES PERFORMED BY JEFFERIES, THESE TABLES MUST BE READ TOGETHER WITH THE TEXT OF EACH SUMMARY.

Jefferies' opinion is based upon the totality of the various analyses performed by Jefferies, and no particular portion of the analyses should be considered standing alone. Furthermore, Jefferies did not attribute any particular weight to any analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor.

The Jefferies opinion was one of many factors considered by the InterCept board of directors in deciding to vote for the approval of the merger agreement and the merger. Consequently, Jefferies' analysis described below should not be viewed as determinative of the decision of the InterCept board of directors with regard to the fairness of the merger consideration.

InterCept Valuation Analyses

As part of its approach to valuing InterCept and in accordance with customary investment banking practice, Jefferies utilized several commonly used and complementary valuation methodologies:

Comparable Companies Analysis. Jefferies derived the value of InterCept in part by reference to publicly-traded companies that Jefferies believed to offer similar products, to have similar operating and financial characteristics and/or to service similar markets.

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Precedent Merger and Acquisition Transactions Analysis. Jefferies derived the value of InterCept in part relative to recent merger and acquisition transactions that Jefferies believed to involve similar businesses.

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Premiums Paid Analysis. Jefferies derived the value of InterCept in part by comparing the premium offered in the merger to the premiums offered in selected recent merger and acquisition transactions.

Discounted Cash Flow Analysis. Jefferies derived the value of InterCept in part as the sum of InterCept's unlevered free cash flows (before financing costs) over a forecast period and InterCept's terminal, or residual, value at the end of the forecast period.

In addition to the quantitative methodologies described above, Jefferies considered the following qualitative factors that it believed affected valuation:

the recent trends and risks relating to InterCept specifically and to the economy and the industries that InterCept serves; and the alternatives available to InterCept other than the merger.

Comparable Companies Analysis. Using publicly available research analyst estimates and other publicly available information, Jefferies analyzed, among other things, the trading multiples of InterCept, the implied trading multiples for InterCept based on the Fidelity merger proposal and the corresponding trading multiples of selected publicly-traded companies that Jefferies believed were generally comparable to InterCept. These comparable companies are set forth in the table below.

Comparable Publicly-Traded Companies

SunGard Data Systems	Jack Henry & Associates
Fiserv, Inc.	John H. Harland Co.
DST Systems, Inc.	Digital Insight Corp.
SEI Investments Company	S1 Corp.
The BISYS Group, Inc.	Open Solutions

In its analysis, Jefferies derived and compared multiples for InterCept, and a range of multiples for the selected companies, calculated as follows:

total enterprise value, which Jefferies defined as market capitalization plus long-term debt and preferred stock (on an as converted basis, if applicable) minus cash, and which is referred to as TEV, divided by revenue for the last twelve months prior to June 30, 2004, which is referred to as LTM Revenue
 TEV divided by revenue estimated for calendar year 2004, which is referred to as 2004E Revenue
 TEV divided by revenue estimated for calendar year 2005, which is referred to as 2005E Revenue
 TEV divided by operating earnings before interest, taxes, depreciation and amortization, and certain extraordinary or non-recurring charges, which is referred to as EBITDA, for the last twelve months prior to June 30, 2004, which is referred to as LTM EBITDA
 TEV divided by EBITDA estimated for calendar year 2004, which is referred to as 2004E EBITDA
 TEV divided by EBITDA estimated for calendar year 2005, which is referred to as 2005E EBITDA

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the common stock price divided by earnings per diluted share, which is referred to as P/E Ratio, for earnings in the last twelve months prior to June 30, 2004, which is referred to as LTM P/E
the P/E Ratio for calendar year 2004 estimated earnings, which is referred to as 2004E P/E
the P/E Ratio for calendar year 2005 estimated earnings, which is referred to as 2005E P/E

All multiples were based on closing stock prices as of September 3, 2004, other than:

- (1) the InterCept trading multiples, which were based on the market price of a share of InterCept's common stock on June 10, 2004, the trading day prior to the announcement that InterCept's board of directors was exploring strategic alternatives for InterCept, which we refer to as the Unaffected Price, and
- (2) the implied Fidelity acquisition multiples, which were based on the final terms of the Fidelity merger proposal.

Results of Jefferies' comparable companies analysis are summarized as follows:

	InterCept Multiple to Unaffected Price	<u>Comparable Companies</u> <u>Multiple Range</u>			Multiple Mean	Multiple Median	Implied Fidelity Acquisition Multiple
		<u>Low</u>	<u>High</u>				
TEV/LTM Revenue	1.6x	1.2x	5.3x	2.8x	2.5x	2.0x	
TEV/2004E Revenue	1.5x	1.2x	5.0x	2.6x	2.3x	1.9x	
TEV/2005E Revenue	1.3x	1.2x	4.6x	2.4x	2.0x	1.6x	
TEV/LTM EBITDA	12.1x	5.8x	33.3x	13.4x	9.7x	15.0x	
TEV/2004E EBITDA	9.8x	5.4x	19.8x	11.3x	10.0x	12.1x	
TEV/2005E EBITDA	7.6x	4.8x	13.7x	9.2x	9.0x	9.4x	
LTM P/E	28.9x	15.6x	39.4x	23.4x	20.8x	35.6x	
2004E P/E	28.9x	13.3x	71.2x	25.4x	20.6x	35.7x	
2005E P/E	20.9x	12.2x	21.4x	17.5x	18.0x	25.8x	

Based on this analysis, Jefferies established a range of implied equity values of a share of InterCept common stock of \$12.15 to \$16.02.

No company used in the above analysis is identical to InterCept. In evaluating companies identified by Jefferies as comparable to InterCept, Jefferies made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of InterCept, such as the impact of competition on the business of InterCept and the industry generally, industry growth and the absence of any material change in the financial condition and prospects of InterCept or the industry or in the financial markets in general. A complete analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the comparable companies and other factors that could affect the public trading values of such comparable companies to which they are being compared; mathematical analysis is not in itself a meaningful method of using selected company data.

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Precedent Merger and Acquisition Transactions Analysis. Using publicly available research analyst estimates and other publicly available information, Jefferies analyzed, among other things, (a) the implied transaction value multiples for the merger, and (b) the consideration offered and the implied transaction value multiples paid or proposed to be paid in 18 selected completed and pending mergers and acquisitions announced between January 1, 2002 and August 26, 2004 that involved targets which Jefferies believed were generally comparable to InterCept. These precedent transactions are set forth in the following table.

Selected Precedent Transactions

<u>Acquiror</u>	<u>Target</u>	<u>Date Announced</u>
Open Solutions	Datawest Solutions	8/26/04
Banc of America	National Processing	7/9/04
Metavante Corporation	NYCE Corporation	5/17/04
Metavante Corporation	AFS & Kirchman Corp.	5/6/04
FAIR ISAAC & Co.	London Bridge Software	4/26/04
Fidelity	Aurum Technology	2/9/04
Fidelity	Sanchez Computer Associates	1/28/04
Misys	IQ Financial Systems	1/9/04
Digital Insight Corp.	Magnet Communications	10/23/03
Fiserv Inc.	EDS Credit Union Industry Group	6/16/03
John Harland Co.	Premier Systems, Inc.	6/3/03
Fidelity	Fidelity National Information Solutions	5/23/03
New Mountain Capital	CP Commercial Specialists	2/4/03
Fidelity	ALLTEL Information Services, Inc.	1/29/03
John Harland Co.	SPARAK Financial Systems, LLC	9/23/02
John Harland Co.	Interlinq Software Corp.	8/6/02
John Harland Co.	Easy Systems, Inc.	5/20/02
Digital Insight Corp.	Virtual Financial Services, Inc.	1/3/02

In its analysis, Jefferies derived and compared implied transaction value multiples for the merger of InterCept and Fidelity and for the precedent transactions, calculated as follows:

aggregate consideration to be paid in the selected precedent transactions (including the assumption or repayment of net debt), which is referred to as Enterprise Value, divided by revenue for the last twelve months prior to the transaction announcement date, which is referred to as LTM Revenue

Enterprise Value divided by revenue for the next twelve months after the transaction announcement date, which is referred to as NTM Revenue

Enterprise Value divided by EBITDA for the last twelve months prior to the transaction announcement date, which is referred to as LTM EBITDA

Enterprise Value divided by EBITDA for the next twelve months after the transaction announcement date, which is referred to as NTM EBITDA

The implied transaction value multiples for the merger of InterCept and Fidelity are based on the final terms of the Fidelity merger proposal, and LTM and NTM are as of June 30, 2004. Jefferies analysis did not take into account different market and other conditions during the period in which the

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selected transactions occurred. All multiples for the precedent transactions were based on public information available at the time of the announcement of such transactions.

The results of Jefferies' precedent transactions analysis are summarized as follows:

	<u>Precedent Transactions</u>				Implied Fidelity Acquisition <u>Multiple</u>
	<u>Multiple Range</u>		<u>Multiple Mean</u>	<u>Multiple Median</u>	
	<u>Low</u>	<u>High</u>			
Enterprise Value/LTM Revenue	1.1x	4.2x	2.1x	1.9x	2.0x
Enterprise Value/NTM Revenue	1.2x	5.1x	2.4x	2.2x	1.8x
Enterprise Value/LTM EBITDA	4.1x	32.3x	14.6x	11.8x	15.0x
Enterprise Value/NTM EBITDA	8.6x	19.4x	13.3x	11.4x	11.4x

Based on the ratios derived for the precedent transactions, Jefferies established a range of implied equity values of a share of InterCept common stock of \$14.71 to \$20.09.

No transaction utilized in the analysis above is identical to the proposed transaction. A complete analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved in these transactions and other factors that could affect the transaction multiples or premiums paid in such comparable transactions to which the proposed transaction is being compared; mathematical analysis (such as determining the mean or the median) is not in itself a meaningful method of using selected transaction data.

Premiums Paid Analysis. Using publicly available information, Jefferies analyzed, among other things, the premium offered by Fidelity to the InterCept common shareholders in the merger and the premiums offered in selected merger and acquisition transactions between \$200 and \$800 million that were announced since August 21, 2003. These transactions are set forth in the following table.

Table of Contents**Selected Premiums Paid Analysis Transactions**

<u>Acquiror</u>	<u>Target</u>	<u>Date Announced</u>
Dicks Sporting Goods Inc. VF Corp.	Gaylan s Trading Co Inc. Vans Inc.	6/21/04 4/27/04
Pitney Bowes Inc. Intersil Corp.	Group 1 Software Inc. Xicor Inc.	4/13/04 3/15/04
Unpqua Holdings Corp. Credence Systems Corp.	Humboldt Bancorp NPTest Holding Corp.	3/15/04 2/23/04
Ferrellgas Partners LP Belden Inc.	Blue Rhino Corp. Cable Design Technologies Corp.	2/8/04 2/4/04
Ariba Inc. International Bancshares Corp.	Freemarkets Inc. Local Financial Corp.	1/23/04 1/22/04
Sky Financial Group Inc. GEO Holdings Corp.	Second Bancorp Inc. Gundle/SLT Environmental Inc.	1/8/04 12/31/03
Rex Corner Holdings Provident Financial Services Inc.	Duane Reade Inc. First Sentinel Bancorp Inc.	12/23/03 12/22/03
North Fork Bancorp Abbott Laboratories	Trust Co. i-Stat Corp.	12/16/03 12/15/03
Susquehanna Bancshares Manpower Inc.	Patriot Bank Corp. Right Management Consultants Inc.	12/11/03 12/10/03
SunGard Data Systems Inc. Banknorth Group Inc.	Systems & Computer Technology CCBT Financial Cos.	12/9/03 12/9/03
BB&T Corp. Hibernia Corp.	Republic Bancshares Coastal Bancorp Inc.	12/2/03 12/2/03
Eli Lilly & Co. Investor Group	Applied Molecular Evolution Plains Resources Inc.	11/21/03 11/20/03
National City Corp. Charles Schwab Corp.	Allegiant Bancorp SoundView Technology Group Inc.	11/20/03 11/19/03
Provident Bankshares Corp. SafeNet Inc.	Southern Financial Bancorp Inc. Rainbow Technologies Inc.	11/3/03 10/22/03
Celestica Inc. Emulex Corp.	Manufacturers Services Ltd. Vixel Corp.	10/15/03 10/8/03
Green Equity Investors IV LP Bookham Technology PLC	FTD Inc. New Focus Inc.	10/6/03 9/22/03
FleetBoston Financial Corp. Cephalon Inc.	Progress Financial Corp. CIMA Labs Inc.	8/28/03 8/21/03

In its analysis, Jefferies derived and compared the percentage difference of the implied transaction offer price per share of InterCept s common stock over the price per share of InterCept s common stock as of one day, one week and one month prior to the date of the announcement that InterCept s board of directors was exploring strategic alternatives for InterCept. We refer to this percentage as the premium. All percentages for the selected transactions were based on public information available at the time of the announcement of such transactions.

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Results of Jefferies' premiums paid analysis are summarized as follows:

	<u>Selected Transactions</u>				Implied Fidelity Acquisition Premium to Unaffected Price (%)
	<u>Premium Range (%)</u>		Premium <u>Mean (%)</u>	Premium <u>Median (%)</u>	
	<u>Low (%)</u>	<u>High (%)</u>			
1-day Premium	(13)%	82%	22%	19%	23%
1-week Premium	(10)%	84%	25%	24%	27%
1-month Premium	(4)%	89%	29%	23%	26%

Analyzing this range of premiums to the Unaffected Price, Jefferies calculated a range of implied equity values of a share of InterCept common stock of \$17.84 - \$20.10.

Discounted Cash Flow Analysis. Jefferies performed a discounted cash flow analysis of InterCept on a stand-alone basis based upon projections provided by InterCept's management for the fiscal years ending December 31, 2004, 2005, and 2006 and further extended such projections for the fiscal years ending December 31, 2007 and 2008, based on guidance from InterCept management, to estimate the net present equity value per share of InterCept. Jefferies calculated a range of net present firm values for InterCept based on its free cash flow over the projected time period using a weighted average cost of capital for the company ranging from 14% to 18% and terminal value multiples of fiscal year 2008 EBITDA ranging from 8.0x to 10.0x.

The following table summarizes the implied InterCept valuations (in millions of dollars) resulting from Jefferies' discounted cash flow analysis:

<u>Discount</u>	<u>Implied Equity Market Capitalization</u>			<u>Implied Price Per Share</u>		
	<u>EBITDA</u>	<u>Terminal</u>	<u>Multiple</u>	<u>EBITDA</u>	<u>Terminal</u>	<u>Multiple</u>
<u>Rate</u>	<u>8.0x</u>	<u>9.0x</u>	<u>10.0x</u>	<u>8.0x</u>	<u>9.0x</u>	<u>10.0x</u>
14.0%	\$ 453.4	\$ 498.2	\$ 543.0	\$ 20.75	\$ 22.69	\$ 24.60
16.0%	423.7	465.4	507.0	19.46	21.27	23.06
18.0%	396.6	435.3	474.0	18.27	19.96	21.64

Based on the implied valuations of InterCept resulting from this discounted cash flow analysis, Jefferies established a range of implied equity values for a share of InterCept common stock of \$18.27 to \$24.60 per share.

Additionally, Jefferies reviewed a sensitivity analysis of the implied price per share resulting from the discounted cash flow analysis described above by examining the various effects of InterCept's projected annual revenue growth rate. Using an annual growth rate for the company ranging from 7.5% to 15.0%, the implied equity values for a share of InterCept common stock were \$14.30 to \$24.60.

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Other Factors and Analyses

Jefferies took into consideration various other factors and analyses, including historical market prices, multiples and trading volumes for InterCept's common stock; movements in the common stock of selected publicly-traded companies; movements in the S&P 500 Index and the Nasdaq Composite Index; and analyses of the weighted average costs of capital of selected publicly-traded companies.

* * *

While the foregoing summary describes certain analyses and factors that Jefferies deemed material in its presentation to the InterCept board of directors, it is not a comprehensive description of all analyses and factors considered by Jefferies. The preparation of a fairness opinion is a complex process that involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to particular circumstances, and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. No company, business or transaction used in such analyses as a comparison is identical to InterCept or Fidelity or the proposed transaction, nor is an evaluation of such analyses entirely mathematical.

In arriving at its opinion, Jefferies did not attribute any particular weight to any analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Jefferies believes that its analyses must be considered as a whole and that selecting any portion of its analyses or of the factors considered by it, without considering all analyses and factors, could create a misleading or an incomplete view of the evaluation process underlying the Jefferies opinion.

Jefferies employed several analytical methodologies, and no one method of analysis should be regarded as critical to the overall conclusion reached by Jefferies. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. Accordingly, the conclusions reached by Jefferies are based on all analyses and factors taken as a whole and also on application of Jefferies' own experience and judgment. Such conclusions may involve significant elements of subjective judgment and qualitative analysis. Jefferies therefore gives no opinion as to the value or merit standing alone of any one or more parts of the analysis it performed. In performing its analyses, Jefferies considered general economic, market and financial conditions and other matters as they existed as of the date Jefferies rendered its written opinion, many of which are beyond the control of InterCept and Fidelity. The analyses performed by Jefferies are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than those suggested by such analyses. Accordingly, analyses relating to the value of a business do not purport to be appraisals or to reflect the prices at which the business actually may be purchased. Furthermore, no opinion was expressed by Jefferies as to the prices at which shares of InterCept common stock or any other securities would be traded at any future time.

Jefferies and InterCept

The InterCept board of directors selected Jefferies to act as its financial advisor and render a fairness opinion regarding the proposed merger because Jefferies is a nationally recognized investment banking firm with substantial experience in transactions similar to the proposed merger and because it is familiar with InterCept, its business and its industry. Jefferies is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, secondary distributions of listed and unlisted securities and private placements.

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Pursuant to the engagement letter dated June 11, 2004, InterCept agreed to pay Jefferies a non-refundable opinion fee of \$1,000,000, which was paid upon the delivery of the fairness opinion. In addition, InterCept agreed to pay Jefferies a financial advisory fee at the closing of the proposed merger equal to 0.90% of the aggregate consideration to be received by the InterCept shareholders pursuant to the proposed merger, less the \$1,000,000 opinion fee. The aggregate consideration to be received by the InterCept shareholders means the total proceeds and other consideration paid or received or to be paid or received by the InterCept shareholders, including, without limitation, cash; notes, securities and other property; indebtedness for borrowed money assumed, refinanced or extinguished; payments made in installments; and contingent payments (whether or not related to future earnings or operations). The fees paid or payable to Jefferies are not contingent upon the contents of the opinion delivered. In addition, InterCept has agreed to reimburse Jefferies for its reasonable out-of-pocket expenses and to indemnify Jefferies and certain related persons against certain liabilities arising out of or in conjunction with its rendering of services under its engagement, including certain liabilities under the federal securities laws.

In the ordinary course of its business, Jefferies has provided investment banking advice to InterCept but has not formally been engaged by InterCept with respect to any matters other than as described in this proxy statement.

In the ordinary course of its business, Jefferies may actively trade in the securities of InterCept and Fidelity for its own account and the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Material U.S. Federal Income Tax Consequences of the Merger

The following summary discusses the material U.S. federal income tax consequences of the merger applicable to an InterCept shareholder that surrenders all of the shareholder's common stock for cash in the merger. This discussion is based upon the Internal Revenue Code of 1986, as amended, Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service, or IRS, and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion is limited to the U.S. federal taxation of InterCept shareholders who are U.S. residents, citizens and corporations organized under the laws of the United States, any state thereof or the District of Columbia that hold their shares as capital assets for U.S. federal income tax purposes, such holders being referred to herein as U.S. Holders, and InterCept shareholders who are nonresident aliens and foreign corporations that hold their shares as capital assets for U.S. federal income tax purposes, such holders being referred to herein as Non-U.S. Holders. This discussion does not address all of the tax consequences that may be relevant to a particular person or the tax consequences that may be relevant to persons subject to special treatment under U.S. federal income tax laws (including, among others, tax-exempt organizations, dealers in securities or foreign currencies, banks, insurance companies, financial institutions, traders in securities that elect to use a mark to market method, shareholders subject to the alternative minimum tax provisions of the Internal Revenue Code, persons that hold their InterCept common stock as part of a hedge, straddle, constructive sale or conversion transaction, persons whose functional currency is not the U.S. dollar, shareholders who hold InterCept stock as qualified small business stock within the meaning of Section 1202 of the Internal Revenue Code, persons that are, or hold their InterCept common stock through, partnerships or other pass-through entities, or persons who acquired their InterCept common stock through the exercise of an employee stock option or otherwise as compensation). In addition, this discussion does not address any aspects of state or local or non-U.S. taxation or U.S. federal taxation other than income taxation. No ruling has been requested from the IRS regarding the U.S. federal income

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tax consequences of the merger. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

InterCept shareholders are urged to consult their tax advisors as to the U.S. federal income tax consequences of the merger, as well as the effects of state, local and non-U.S. tax laws and U.S. tax laws other than income tax laws.

U.S. Tax Consequences of the Merger to U.S. Holders

As a result of the merger, each U.S. Holder will, for U.S. federal income tax purposes, recognize gain or loss equal to the difference, if any, between (x) the cash received in the merger and (y) such holder's adjusted tax basis in the InterCept common stock surrendered in exchange therefor. Any gain or loss recognized will be a capital gain or loss, provided that the U.S. Holder held his or her InterCept stock as a capital asset. Any capital gain recognized will be a long-term capital gain if such U.S. Holder held his or her InterCept stock for more than twelve months ending on the effective time. Any capital loss recognized should be deductible only to the extent of such U.S. Holder's capital gains recognized in the same taxable year, subject to an exception for individuals under which a limited amount of capital losses may offset ordinary income. Individuals may carry forward a net capital loss indefinitely, but the use of such loss in future years is generally subject to the same limitations as in the year that the loss was recognized.

An InterCept shareholder who exercises dissenters' rights with respect to such shareholder's InterCept common stock with respect to the merger and receives payment for such stock in cash will generally recognize capital gain or loss, measured by the difference between the amount of cash received and the shareholder's adjusted tax basis in the InterCept common stock. Holders of InterCept common stock demanding the purchase of their stock at fair value should keep in mind that the fair value of their stock determined under Article 13 of the Georgia Business Corporation Code could be more, the same, or less than the merger consideration they are entitled to receive under the merger agreement if they do not demand the payment for their stock at fair value. Holders of InterCept common stock who exercise dissenters' rights with respect to the merger are urged to consult their own tax advisors.

U.S. Tax Consequences of the Merger to Non-U.S. Holders

A non-U.S. Holder generally will not be subject to U.S. federal income tax on capital gain realized in the merger unless any one of the following is true: (a) such gain is effectively connected with the non-U.S. Holder's conduct of a trade or business in the United States and, if a tax treaty applies, attributable to a permanent establishment maintained by such non-U.S. Holder in the United States; (b) the non-U.S. Holder is a nonresident alien individual present in the United States for 183 or more days in 2004 and certain other requirements are met or (c) the InterCept common stock constitutes a U.S. real property interest by reason of InterCept's status as a U.S. real property holding corporation, or a USRPHC, for U.S. federal income tax purposes at any time during the shorter of (x) the period during which the non-U.S. Holder holds its InterCept common stock or (y) the 5-year period ending on the date the non-U.S. Holder disposes of its InterCept common stock. In general, InterCept would be a USRPHC if interests in U.S. real estate comprised the majority of its assets. InterCept believes that it is not currently a USRPHC, has never been a USRPHC and will not become a USRPHC before the effective time.

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Tax Treatment of the Entities

No gain or loss will be recognized by Fidelity, FIS, Merger Sub or InterCept as a result of the merger.

Information Reporting and Backup Withholding

U.S. federal income tax law requires that a holder of InterCept shares provide the exchange agent with such holder's correct taxpayer identification number, which is, in the case of a U.S. Holder who is an individual, a social security number, or, in the alternative, establish a basis for exemption from backup withholding. Exempt holders (including, among others, Non-U.S. Holders and U.S. corporations) are not subject to backup withholding and reporting requirements, but they may still need to furnish a substitute IRS Form W-9 or W-8 or otherwise establish an exemption. If the correct taxpayer identification number or an adequate basis for exemption is not provided, a holder will be subject to backup withholding at the applicable rate (currently 28%) on any reportable payment. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against that U.S. Holder's U.S. federal income tax and may entitle the U.S. holder to a refund, if the required information is furnished to the IRS. InterCept shareholders should consult their tax advisors as to their qualifications for exemption from backup withholding and the procedure for obtaining an exemption.

Required Regulatory Filings and Approvals

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the rules promulgated under the Hart-Scott-Rodino Act, Fidelity and InterCept cannot complete the merger until they notify and furnish information to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and specified waiting period requirements are satisfied.

At any time before or after completion of the merger, the Antitrust Division or the Federal Trade Commission could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the consummation of the merger or seeking divestiture of substantial assets of Fidelity or InterCept. Private parties may also bring actions under antitrust laws under certain circumstances. Although Fidelity and InterCept believe that the merger is legal under antitrust laws, there can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

Interests of Certain Persons in the Merger That Are Different from Your Interests

When you consider the recommendation of InterCept's board of directors to adopt the merger agreement, you should consider that some of InterCept's officers and directors participate in arrangements that provide them with interests in the merger that are different from, or are in addition to, your interests in the merger. These interests could make it more likely that InterCept's directors and executive officers will support the merger. You should consider carefully whether these interests might have influenced InterCept's directors and officers to support and recommend the merger and decide for yourself whether the merger is in your best interests. These interests are described below.

Change in Control Agreements; Effect on Options

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InterCept has entered into change in control agreements with Jeffrey E. Berns, Carole M. Collins, Jonathan R. Coe, Denise C. Saylor and Michael D. Sulpy, each of whom is an executive officer of

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InterCept. Under the agreements, approval of the merger by InterCept's shareholders will be a change in control. Each of the executive officers named above will be entitled to receive a cash payment equal to 12 months' salary upon termination of employment following a change in control. In addition, all of the outstanding unexercised options of those executives will vest immediately and become exercisable upon a change in control.

Options to acquire shares of InterCept common stock will be exchanged in the merger for options to acquire shares of Fidelity common stock, provided that the Fidelity options will generally terminate 90 days after closing unless sooner terminated in accordance with their terms. Under the change in control agreements listed above, however, all of the outstanding unexercised options of these executives will remain outstanding and exercisable for the remainder of their terms instead of terminating in 90 days. Provisions in G. Lynn Boggs' employment agreement and in an option agreement of Farrell S. Mashburn, another executive officer, have the same effect.

The following table describes the options that will remain outstanding for the persons listed above:

Name of InterCept		Weighted Average	Weighted Average
Director or Officer	Number of Options	Exercise Price Per Share	Expiration Date
			as Modified
Jeffery E. Berns	51,000	19.86	11/1/11
G. Lynn Boggs	200,000	29.64	6/1/12
Jonathan R. Coe	18,500	25.29	11/1/11
Carole M. Collins	27,000	19.04	7/1/10
Farrell S. Mashburn	32,000	20.10	5/1/12
Denise C. Saylor	92,500	20.09	8/1/11
Michael D. Sulpy	70,000	19.03	5/1/11

The treatment of options is more fully described in The Merger Agreement Treatment of Stock Options and Employee Stock Purchase Plan.

Severance Payments and Other Benefits to Mr. Collins, Mr. Boggs and Mr. Fluit under Employment Agreements

InterCept entered into employment agreements with its Chairman of the Board of Directors and Chief Executive Officer, John W. Collins; its President and Chief Operating Officer, G. Lynn Boggs; and L. Rand Fluit, one of its Executive Vice Presidents. Under Mr. Collins' employment agreement, if his employment is terminated after a change in control (a) by InterCept without cause or otherwise in breach of the employment agreement or (b) by Mr. Collins for any reason within the 90-day period beginning on either the 30th day after a change in control or the one-year anniversary of the change in control, InterCept must pay him all accrued compensation and bonus amounts and one-twelfth of his annual base salary and bonus for each of 36 consecutive 30-day periods following the termination. InterCept also must continue life and health insurance for Mr. Collins and his family until he reaches age 65. Mr. Collins' employment agreement further provides that if any payment or benefit to or for Mr. Collins' benefit under the Collins' employment agreement or otherwise, including any payment or benefit as a result of a change in control, would be subject to an excise tax imposed by Section 4999 of the Internal Revenue Code, or if any interest or penalties, other than with respect to Mr. Collins' failure to file a timely tax return or pay taxes shown due on his return, are incurred by Mr. Collins with respect to such excise tax, then InterCept must pay Mr. Collins a gross-up payment or benefit equal to the aggregate excise tax (including associated

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interest or penalties), including any excise tax (including associated interest or penalties) on the amount of the gross-up payment. The total amount InterCept would pay Mr. Collins in this event would be approximately \$1,700,000, plus the estimated gross-up payment of approximately \$915,000. In addition, Mr. Collins' outstanding options to purchase common stock would vest and become immediately exercisable. If InterCept's shareholders approve the merger, a change in control will be deemed to have occurred under Mr. Collins' employment agreement.

Under Mr. Boggs' employment agreement, if his employment is terminated after a change in control (a) by InterCept without cause or (b) by Mr. Boggs for any reason within the 90-day period beginning on either the 30th day after a change in control or the one-year anniversary of the change in control, InterCept must pay him all accrued compensation and bonus amounts and one-twelfth of his annual base salary and bonus for each of the 24 consecutive 30-day periods following the termination. In addition, InterCept must continue the life insurance, disability, medical, dental and other benefits provided to Mr. Boggs and his dependents for the two-year period following termination. The total amount InterCept would pay Mr. Boggs in this event would be approximately \$1,700,000. Further, his outstanding options to purchase common stock would vest and become immediately exercisable and would remain exercisable until the end of their terms notwithstanding that he has left InterCept's employment. If InterCept's shareholders approve the merger, a change in control will be deemed to have occurred under Mr. Boggs' employment agreement.

Under Mr. Fluitt's agreement, if his employment is terminated after a change in control (a) by InterCept without cause or (b) by Mr. Fluitt as a result of InterCept's breach of his agreement or for other limited exceptions, or for any reason within the 90-day period beginning on the 30th day after the merger, InterCept must pay him all accrued compensation and bonus amounts, and InterCept must pay him one twelfth of his annual base salary and bonus for the greater of the number of months remaining under the term of his agreement or 12 months. Mr. Fluitt's agreement has a two-year term that renews automatically unless he or InterCept provides notice of termination. The first two-year term ends February 28, 2006. The total amount InterCept would pay Mr. Fluitt in the event of such a termination would be approximately \$400,000 (assuming, for example, that his agreement is terminated on December 31, 2004). In addition, his outstanding options to purchase common stock would vest and become immediately exercisable for a period of 30 days notwithstanding that he has left our employment. If InterCept's shareholders approve the merger, a change in control will be deemed to have occurred under Mr. Fluitt's employment agreement.

Non-Competition Agreement of John W. Collins

InterCept's Chief Executive Officer and Chairman of the Board, John W. Collins, has entered into a non-competition agreement with InterCept, Fidelity Information Services, Inc. (FISI) and Fidelity whereby, for the three-year period following consummation of the merger, he has agreed not to:

Subject to certain exceptions, solicit, recruit or hire to work, any person employed by InterCept, FISI or Fidelity or employed by InterCept, FISI or Fidelity at any time during the 12 months immediately before the consummation of the merger;

solicit, divert or appropriate any business of the type identified in the agreement from certain customers or prospective customers with which Mr. Collins has had material contact during his employment with InterCept; or

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enter into or engage in any activity that competes with the business engaged in by InterCept, FISI or Fidelity in any country where InterCept, FISI or Fidelity conducts business (this provision does not restrict Mr. Collins from serving as a director or shareholder of Nexity Bank or El Banco or from owning a passive investment interest of less than 5% of the outstanding equity ownership or shares in an organization represented by securities publicly traded on a recognized national securities exchange or NASDAQ).

In exchange for his covenants not to compete, Mr. Collins will receive \$2.1 million payable as of the consummation of the merger. In accordance with InterCept's code of business conduct and ethics, the audit committee of InterCept's board of directors reviewed the payment terms of the non-competition agreement and unanimously recommended to InterCept's board of directors that it approve the payment; after discussion, the board granted that approval.

Shareholder's Agreements

On September 8, 2004, each of the following directors and/or executive officers of InterCept entered into a shareholder's agreement with Fidelity in connection with the execution of the merger agreement: Jonathan R. Coe, John W. Collins, L. Rand Fluitt, Farrell S. Mashburn, Denise C. Saylor, John D. Schneider, Jr., J. Daniel Speight, Glenn W. Sturm and Michael D. Sulpy. Under the terms of the shareholder's agreements, each of those persons granted to Fidelity a proxy to vote all of his InterCept shares in favor of adoption of the merger agreement and against any action or agreement that is contrary to the merger agreement. Under the shareholder's agreements, each of the shareholders granted to Fidelity an option to purchase the shares of common stock or preferred stock with respect to which the shareholder has beneficial ownership or the power of disposition (such shares, the "option shares") if the merger agreement is terminated under circumstances in which a termination fee would or may become payable to Fidelity under the merger agreement (a "qualifying termination"). In the case of options relating to common stock, the exercise price of such options is \$18.90 per share of common stock and in the case of options relating to preferred stock, the exercise price is \$180.00 per share of preferred stock, in each case payable in cash. In addition to paying the exercise price with respect to the exercise of any option, Fidelity has also agreed to pay an amount equal to 50% of the profit realized by Fidelity on any option shares from the consummation of any competing transaction (as defined in the merger agreement) that is consummated, or with respect to which a definitive agreement is entered into, within 12 months following the applicable qualifying termination. In lieu of exercising its option to purchase option shares, Fidelity may elect in the event of a qualifying termination to cause the shareholder to pay to Fidelity an amount equal to 50% of the profit of the shareholder from the consummation of any competing transaction that is consummated, or with respect to which a definitive agreement is entered into, within 12 months of such qualifying termination. (In addition to the foregoing individuals, JANA Partners, LLC and JANA Master Fund, Ltd.; Sprout Capital IX, L.P.; DLJ Capital Corporation; and Sprout Entrepreneurs Fund, L.P. entered into similar shareholder's agreements with Fidelity.) This description is qualified in its entirety by, and made subject to, the text of the shareholder's agreements, which are included in this proxy statement as *Appendices D, E, F and G*.

Indemnification and Insurance

The merger agreement provides that to the extent current and former InterCept directors, officers, employees and agents have existing rights to indemnification in their favor for the acts and omissions of the indemnified persons occurring before the effective time, these indemnification rights will survive the merger and will be observed by the surviving entity in the merger for a period of six years from the effective time. Subject to certain limitations, the merger agreement also provides that the surviving entity

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will indemnify such persons with respect to their acts and omissions occurring before the effective time to the full extent required under the articles of incorporation or bylaws of InterCept (or any written agreement to which InterCept is a party), for the period of time from the effective time until up to the sixth anniversary of the effective time.

The merger agreement requires InterCept to obtain at the effective time of the merger a prepaid insurance and indemnification policy with a term of up to six years providing InterCept's current (and if available, former) directors and officers with coverage for events that occurred before such time, including the transactions contemplated by the merger agreement. The total amount paid for that insurance will not exceed \$1,500,000.

The indemnification and insurance obligations described above are intended to be for the benefit of, and are enforceable by, the indemnified persons and their heirs and personal representatives and are binding on InterCept as the surviving corporation in the merger, and its successors and assigns. If Fidelity, FIS, InterCept or any of their respective successors or assigns (1) consolidates with or merges into any other entity and is not the continuing or surviving corporation or entity in that consolidation or merger or (2) transfers all or substantially all of its properties and assets to any entity, then, proper provision must be made so that the successors and assigns of Fidelity, FIS, InterCept or any of their respective successors or assigns, as the case may be, honor their respective indemnification obligations under the merger agreement.

Expenses

The merger agreement provides that whether or not the merger is consummated, all fees and expenses incurred in connection with the merger shall be paid by the party incurring such expenses, except that Fidelity and InterCept shall each pay one-half of the costs and expenses incurred in connection with the printing, filing and mailing of this proxy statement and all filing fees in connection with the HSR filings.

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THE MERGER AGREEMENT

The terms of and conditions to the merger are contained in the merger agreement, a copy of which is attached to this proxy statement as *Appendix A* and incorporated in this document by reference. The material terms and conditions of the merger are described below. This description is qualified in its entirety by, and made subject to, the text of the merger agreement.

The Merger

The merger agreement provides for Fidelity to acquire InterCept through a merger transaction, which is referred to in this proxy statement as the merger. Merger Sub, a direct subsidiary of FIS, which in turn is a direct subsidiary of Fidelity, will merge with and into InterCept, with InterCept continuing as the surviving corporation. As a result of the merger, InterCept will become an indirect wholly owned subsidiary of Fidelity. Merger Sub's articles of incorporation and bylaws, as in place immediately before the merger, will continue as the articles of incorporation and bylaws of the surviving entity, except that the name of Merger Sub will be changed to InterCept, Inc. At the effective time, the directors of Merger Sub will become the directors of the surviving entity and the officers of the surviving entity will be set forth in the disclosure schedule of the merger agreement.

Effective Time

The merger is expected to take place on a date that is not later than the second business day after the conditions contained in the merger agreement have been satisfied or waived, or at such other time as InterCept and Fidelity agree. See *Conditions to the Merger* below for a more detailed description of conditions that must be satisfied or waived before the completion of the merger.

The merger will become effective upon the filing of the certificate of merger with the Secretary of State of the State of Georgia. The effective time of the merger is referred to in this proxy statement as the effective time.

Consideration to be Received in the Merger

Each share of InterCept common stock you hold will be converted into the right to receive \$18.90 in cash. Each share of InterCept Series B preferred stock shall be converted to InterCept common stock immediately before the merger at the conversion price set forth in the preferred stock designation, which common stock shall be further converted to the right to receive the consideration described above.

Exchange Procedures

As soon as reasonably practicable after the consummation of the merger, Fidelity will cause Continental Stock Transfer & Trust Company, who will serve as the exchange agent, to mail to holders of record of shares of InterCept common stock a letter of transmittal and instructions on

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surrendering their certificates of InterCept common stock in exchange for the merger consideration they are entitled to receive.

The exchange agent will deliver the merger consideration in exchange for lost, stolen or destroyed certificates if the owner of such certificates signs an affidavit of loss, theft or destruction, as appropriate. Fidelity and the exchange agent may also, in its discretion, require the holder of such lost,

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stolen or destroyed certificates to deliver a bond in a reasonable sum as indemnity against any claim that might be made against Fidelity with respect to alleged lost, stolen or destroyed certificates.

The exchange agent will cease exchanging certificates of InterCept common stock for the merger consideration on the date that is six months from the effective time. Thereafter any holders of certificates previously representing shares of InterCept common stock will look only to Fidelity for the merger consideration.

Dissenters Rights

InterCept's shareholders have a right to dissent and receive the fair value of their InterCept common stock. Please refer to *Dissenters Rights* for a description of the procedures required to exercise your right to dissent.

Representations and Warranties

The merger agreement contains customary representations and warranties given by InterCept, Fidelity, FIS and Merger Sub, as to, among other things:

organization and good standing;

articles of incorporation and bylaws;

capitalization and the ownership of subsidiaries;

authorization and enforceability of the merger agreement;

no violations of corporate organizational documents, laws or contracts;

compliance with laws;

SEC filings;

no undisclosed liabilities;

the absence of certain changes or events;

absence of litigation;

employee benefit plans and labor matters;

intellectual property;

the board approval and shareholder vote required to approve the merger;

the payment of financial advisory and similar fees; and

information provided in this proxy statement.

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In addition, the merger agreement contains representations and warranties by InterCept, as to, among other things:

permits;

contracts to which InterCept is a party;

compliance with environmental laws;

title to real and tangible property, absence of liens and encumbrances;

tax matters;

related party and affiliate transactions undertaken by InterCept;

insurance maintained by InterCept;

the fairness opinion provided by Jefferies;

customers and suppliers;

restrictions on InterCept's business activities; and

the absence of questionable payments and activities;

In addition, the merger agreement contains representations and warranties by Fidelity, as to, among other things:

the operations of FIS and Merger Sub; and

Fidelity's ability to finance the cash consideration to be paid in the transaction.

The representations and warranties in the merger agreement are very detailed and the above description is only a summary. You are urged to read carefully and in its entirety the section of the merger agreement entitled "Representations and Warranties of the Company" in *Appendix A* included in this proxy statement.

Covenants Under the Merger Agreement

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InterCept's Conduct of the Business Before the Merger

InterCept has agreed that, before the merger, InterCept and its subsidiaries will, using commercially reasonable efforts and, subject to certain exceptions, or consented to in writing by Fidelity:

conduct their businesses only in the ordinary course consistent with past practices and in compliance in all material respects with applicable laws; and

preserve intact in all material respects their current business organization, keep available the services of their current officers, employees and consultants and preserve their relationship with persons and entities having business dealings with InterCept and its subsidiaries.

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In addition, InterCept has agreed that, after September 8, 2004 and before the merger, and subject to certain exceptions or as expressly permitted by the merger agreement or consented to in writing by Fidelity, InterCept and its subsidiaries will not:

issue, deliver, sell, pledge or otherwise encumber any capital stock or other voting security, any option, warrant or right to acquire any capital stock or other voting security, or any instrument convertible into any capital stock or other voting security (except that InterCept may issue shares of its common stock in the following circumstances: (a) upon the valid exercise of any InterCept common stock options outstanding as of the date of the merger agreement; (b) pursuant to the InterCept employee stock purchase plan; or (c) upon conversion of InterCept's Series B preferred stock);

amend their articles of incorporation, bylaws or other comparable organizational documents;

sell, pledge, lease, license, dispose of or otherwise encumber any property or assets, other than in the ordinary course of business consistent with past practice or grants of security interests to lenders as required under InterCept's existing credit facility;

declare, set aside or pay any dividend on, or make any other distribution (whether in cash, stock, property or otherwise) in respect of, any of their outstanding capital stock or other equity interests;

reclassify, combine, split, subdivide or issue any other securities in respect of, or in lieu of, or redeem, purchase, or otherwise acquire shares of their capital stock or other ownership interests or any options or other rights to acquire any of the foregoing;

acquire any interest in, or any assets of, any corporation or other business organization;

incur or guarantee any indebtedness, or make any loans or advances to other parties, except in the ordinary course of business under InterCept's credit facility, or other indebtedness with a maturity of no more than one year and a principal amount of \$100,000 or less;

enter into any contracts requiring the payment of consideration in excess of \$100,000, except that InterCept may enter into contracts with customers in the ordinary course of business that involve, or would reasonably be expected to involve, payments of less than \$2,000,000 over the life of the contracts;

modify or amend or terminate certain contracts, other than in the ordinary course of business or that would involve, or be expected to involve, a reduction in payments of 15% or less over the life of those contracts;

enter into any contract in which any person is granted exclusive marketing, manufacturing or other rights with respect to any of their products, services, process or technology;
make or authorize any capital expenditure in excess of \$500,000 or enter into any commitment for the purchase, lease or use of any real property;

accelerate or change the exercise terms of any options, or reprice any options, granted under InterCept's stock option plans, or authorize cash payments in exchange for any options granted under those plans, except for certain specified exceptions;

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increase the amount of compensation of any officer or other employee, except for normal increases relating to non-executive employees and spot bonuses of no more than \$5,000 per employee, both in the ordinary course of business consistent with past practice;

grant any rights to severance or termination pay to, or enter into or terminate any employment, consulting, termination, indemnification or severance agreement with, any director, officer, employee or consultant of InterCept or any subsidiary, or establish, adopt, enter into, or amend any employee benefit plan for the benefit of any current or former director, officer, employee or consultant, other than amendments to employee benefit plans required by law;

pay, discharge, settle or satisfy any material claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge, settlement or satisfaction, in the ordinary course of business and consistent with past practices, of claims, liabilities or obligations included in InterCept's consolidated financial statements (or the notes thereto) most recently filed with the SEC or incurred in the ordinary course of business consistent with past practices since the date of such financial statements or incurred in connection with the merger;

waive, modify, terminate or release any person from, or fail to enforce, any confidentiality, standstill or similar agreement which InterCept or any subsidiary is a party to, or beneficiary of;

make or change any tax or accounting election, period or method, or settle or compromise any material tax claim relating to InterCept or any subsidiary, or surrender any right to a material refund of taxes, consent to any extension or waiver of the limitation period for any tax claim, or take any action, or omit to take any action, that would increase the tax liability of InterCept or any of its subsidiaries or Fidelity in any material respect;

sell, assign, lease, terminate, abandon, transfer, encumber or otherwise dispose of, or grant any security interest in, any of InterCept's intellectual property, other than grants of security interests under InterCept's credit facility; grant any license with respect to InterCept's intellectual property, other than the license of InterCept software in the ordinary course of business; or disclose any of InterCept's confidential intellectual property information other than in the ordinary course of business unless the disclosure is subject to a confidentiality or non-disclosure covenant protecting against additional disclosure;

bring any suit or action against Fidelity or its subsidiaries, or involving their assets (other than in connection with enforcing the rights and obligations under the merger agreement or if the statute of limitations related to such claim will expire before the termination of the merger agreement);

take any action that could be reasonably expected to result in any representation or warranty of InterCept becoming untrue or inaccurate and which will result in a material adverse effect to InterCept, or result in any other condition to the merger not being satisfied; or

authorize or agree to take any of the actions described above.

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The covenants in the merger agreement relating to the conduct of InterCept's business are very detailed and the above description is only a summary. We urge you to read carefully and in its entirety the section of the merger agreement entitled "Conduct of Business by the Company Pending the Merger" in *Appendix A*.

InterCept has also agreed to cooperate as reasonably necessary with FIS if FIS makes any initial public offering of its shares, provided that both parties agree that they shall cooperate to ensure that the proposed initial public offering will not unreasonably delay the effectiveness of this proxy statement and thus cause an unreasonable delay in InterCept's shareholder meeting.

Fidelity's Conduct of its Business Before the Merger

Fidelity has agreed that, before the merger, it will not, nor will it allow its subsidiaries to, take any action that would, or that would reasonably be likely to (a) result in a material adverse effect with respect to Fidelity or any of its subsidiaries or (b) have a material adverse effect on the ability of any of Fidelity, FIS or Merger Sub to perform its obligations under the merger agreement or to consummate the merger; provided, however, that the effects of any acquisition by Fidelity that is completed after the date of the merger agreement or proposed before or after the date of the merger agreement will not, in and of itself, be considered a material adverse effect.

Other Covenants and Agreements of InterCept and Fidelity

The merger agreement contains other covenants between Fidelity and InterCept, including covenants relating to the following:

InterCept and Fidelity will each give prompt notice to the other party of (a) the occurrence or non-occurrence of any event that would likely cause (1) a representation or warranty in the merger agreement to be untrue in any material respect, or (2) any covenant, condition or agreement in the merger agreement not to be complied with or satisfied in any material respect, or (b) any other failure or inability of either party to comply with any covenant, condition or agreement in the merger agreement;

InterCept will prepare and file this proxy statement as promptly as practicable after the execution of the merger agreement;

InterCept will convene a shareholder meeting and conduct the business at the meeting that is discussed in this proxy statement;

InterCept and/or Fidelity will use reasonable best efforts to file, as soon as practicable after the date of the merger agreement, all notices, reports and other documents required to be filed with any governmental body with respect to the merger and the other transactions contemplated by the merger agreement, and to submit promptly any additional information requested by any such governmental body, including any anti-trust filings;

InterCept will provide Fidelity with continued access to its facilities and books and records;

Fidelity shall take all action necessary to cause Merger Sub to perform its obligations and consummate the merger pursuant to the merger agreement.

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InterCept will terminate its credit facility at the effective time, provided that Fidelity shall repay all outstanding indebtedness under the credit facility to the extent that InterCept does not have sufficient available cash to pay it off;

InterCept and Fidelity will consult with each other regarding any public statements about the merger;

InterCept will permit Fidelity to participate, subject to InterCept's final determination, in any possible litigation between InterCept or its directors related to the merger agreement, the shareholder's agreements or the transactions contemplated in the merger agreement; and

InterCept shall place a legend disclosing the existence of the shareholder's agreements under any of its certificated securities that are subject to shareholder's agreements entered into in connection with the merger agreement and that are not held in street name.

Conditions to the Merger

The obligation of Fidelity, FIS, Merger Sub and InterCept to complete the merger is subject to the satisfaction of the following conditions:

the affirmative vote of the holders of 66^{2/3}% of the outstanding InterCept common shares at the InterCept shareholder meeting;

no governmental entity or court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, injunction, order or award, whether temporary, preliminary or permanent, that has, or would be reasonably expected to have, the effect of making the merger illegal or otherwise prohibit the consummation of the merger; and

any waiting period under any applicable antitrust law, rules or regulation shall have expired or been terminated.

The obligation of Fidelity, FIS and Merger Sub to complete the merger is subject to the satisfaction of the following additional conditions:

each of the representations and warranties made by InterCept and contained in the merger agreement shall be true and correct in all respects, except for such failures that do not individually or in the aggregate constitute a material adverse effect upon InterCept;

InterCept shall have performed and complied, in all material respects, with each covenant and agreement contained in the merger agreement and required to be performed or complied with by InterCept and Fidelity shall have received a certificate of InterCept to that effect;

since December 31, 2003, no event shall have occurred that has had, or would reasonably be expected to have, a material adverse effect with respect to InterCept;

consents of third parties to agreements with InterCept that are required to be obtained under the respective agreements shall have been obtained on terms reasonably acceptable to Fidelity, except where the failure to obtain these consents (individually or in the aggregate) would not reasonably be likely to have a material adverse effect with respect to InterCept; and

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no governmental entity shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, injunction, order or award, whether temporary, preliminary or permanent (nor shall any such action be pending by any governmental entity or by any other person that has a reasonable likelihood of success) that would, or would be reasonably expected to:

- (a) prohibit the acquisition of any of InterCept's common stock by Fidelity, FIS or Merger Sub; restrain or prohibit consummation of the merger or any other transaction contemplated in the merger agreement; or require Fidelity, InterCept or any of their subsidiaries to pay any material damages in connection with the merger or any other transaction contemplated in the merger agreement;
- (b) prohibit or limit the ownership or operation by InterCept, Fidelity or any of their subsidiaries of any material portion of InterCept's business or assets, or require InterCept, Fidelity or any of their subsidiaries to dispose of or separate out any material portion of the business or assets of InterCept, Fidelity or any of their subsidiaries;
- (c) limit the ability of InterCept, Fidelity or any of their subsidiaries to acquire, hold or exercise full ownership rights in the shares of InterCept's common stock;
- (d) prohibit Fidelity or any subsidiary from effectively controlling in any material respect the business or operations of InterCept or its subsidiaries; or
- (e) have a material adverse effect with respect to InterCept.

InterCept's obligation to complete the merger is subject to the satisfaction of the following additional conditions:

each of the representations and warranties of Fidelity, FIS and Merger Sub contained in the merger agreement shall be true and correct in all aspects, except for such failures that do not individually or in the aggregate constitute a material adverse effect upon Fidelity;

Fidelity, FIS and Merger Sub shall have performed and complied, in all material respects, with each covenant and agreement contained in the merger agreement and required to be performed or complied with by it and InterCept shall have received a certificate of Fidelity to that effect; and

since December 31, 2003, no event shall have occurred that has had, or would reasonably be expected to have, a material adverse effect with respect to Fidelity.

Solicitation of Proposals from Other Parties

InterCept has agreed to immediately cease any existing discussions or negotiations relating to an acquisition proposal that is competitive with the merger. Subject to the exceptions discussed below and the obligation to promptly inform Fidelity in all material respects if any acquisition proposal is made, InterCept has agreed that it will not, directly or indirectly,

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- (a) solicit, initiate or encourage, or take any other action to facilitate, any inquiries or the making of any proposal or offer that constitutes, or may reasonably be likely to lead to, any acquisition proposal that is competitive with the merger,
- (b) enter into or maintain or continue discussions or negotiate with any person in furtherance of an acquisition proposal that is competitive with the merger, or
- (c) authorize any representative of InterCept to take any similar action.

InterCept may engage in any of the above restricted activities, before InterCept's shareholders approve the merger, with a person who has made an unsolicited, bona fide, written proposal concerning an acquisition transaction only if the InterCept board of directors determines: (a) in good faith after consultation with its financial advisors, that such proposal is or could reasonably be likely to lead to a superior proposal; and (b) in good faith after consultation with its legal advisors, that engaging in such activities are required in order to comply with its fiduciary obligations to InterCept and its shareholders under applicable law. However, before engaging in such activities, InterCept must notify Fidelity in writing at least three business days before doing so, and InterCept must enter into a confidentiality and standstill agreement with the person making the superior proposal on terms no less favorable than its related agreement with Fidelity. Furthermore, InterCept must furnish Fidelity with any information that InterCept provides to the person making the superior proposal to the extent this information was not previously provided to Fidelity.

For purposes of the merger agreement, the term "superior proposal" would mean any unsolicited written bona fide offer or proposal from any third party to consummate a merger, consolidation, business combination, recapitalization, liquidation, dissolution, sale or disposition or similar transaction involving InterCept in which the third party (or its shareholders) would own, if consummated, all or substantially all of InterCept's outstanding capital stock (or of the surviving entity or its parent in a merger) or all or substantially all of InterCept's assets and those of its subsidiaries, and which taken as a whole is (a) not attributable to a breach by InterCept of its obligations to cease negotiations for competitive transactions as discussed in the first paragraph of this section, and (b) on terms that the board of directors of InterCept determines in good faith (after discussions with its legal and financial advisors) to be more favorable to InterCept's shareholders from a financial point of view than the terms of the merger agreement and with any financing required to consummate the transaction contemplated by such offer or proposal committed.

If the InterCept board of directors determines that a superior proposal has been made, it may (a) withhold, withdraw, amend, modify or change its recommendations in favor of the merger, or (b) terminate the merger agreement in order to enter into an agreement for the superior proposal, if:

- (1) InterCept shall have provided written notice to Fidelity advising Fidelity of the superior proposal, including the terms and conditions, and if the proposal is in writing, a copy of the superior proposal;
- (2) Fidelity shall not have, within five business days of its receipt of the notice of the superior proposal, made a counteroffer to InterCept that InterCept's board determines in good faith to be at least as favorable as the superior proposal;
- (3) InterCept's board concludes in good faith, after consulting with its legal and financial advisors, in light of the superior proposal and any counter proposal submitted by Fidelity, that either of the actions to be taken in subsections (a) or (b) of this paragraph, is required for

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InterCept's board to comply with its fiduciary obligations to InterCept and its shareholders under applicable law;

- (4) InterCept shall not have breached any of its obligations to cease negotiations for competitive transactions as discussed in the first paragraph of this section; and
- (5) InterCept shall have paid the termination fee to Fidelity and acknowledged its obligation to pay certain expenses of Fidelity with respect to the merger, both as described in *Termination Fee; Expense Reimbursement* below.

The agreements in the merger agreement relating to the ability of InterCept's board of directors to address a superior proposal are very detailed and the above description is only a summary. You are urged to read carefully and in their entirety the sections of the merger agreement entitled *Additional Agreements* and *Termination, Amendment and Waiver* in *Appendix A* included in this proxy statement.

As discussed below, InterCept and Fidelity also have the right to terminate the merger agreement if InterCept takes certain actions with respect to a superior proposal.

Termination of the Merger Agreement

InterCept or Fidelity may terminate the merger agreement before the effective time, as follows:

by mutual written consent of InterCept and Fidelity;

if a legal restraint discussed above under *Conditions to the Merger* is in effect and shall have become final and nonappealable;

if the merger shall not have been consummated by February 21, 2005; provided, however, that either party shall not be permitted to terminate the merger agreement if the failure to consummate the merger is attributable to a failure on the part of such party to perform any of its obligations in the merger agreement; or

if the requisite shareholder approval is not obtained at the InterCept shareholder meeting.

Fidelity may terminate the merger agreement before the effective time under any of the following circumstances, each of which being deemed a triggering event :

InterCept's board of directors, or any committee of the board, withholds, withdraws, amends, modifies or changes (or resolves to do any of the foregoing) its recommendation to adopt the merger agreement or approve the merger or other transactions contemplated in the merger agreement in a manner adverse to Fidelity;

InterCept's board of directors, or any committee of the board, shall have recommended to InterCept's shareholders a transaction competitive with the transaction contemplated in the merger agreement, or shall have entered into any letter of intent or similar

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document or any agreement, contract or commitment accepting any transaction competitive with the transactions contemplated in the merger agreement;

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InterCept shall have failed to include a recommendation of its board in this proxy statement in favor of the approval of the merger or the merger agreement;

InterCept shall have breached its obligations to cease negotiations for competitive transactions; or

a tender or exchange offer relating to more than 15% or more of InterCept's outstanding shares of common stock has been commenced and InterCept's board of directors fails to recommend, within 10 business days after the commencement of this tender or exchange offer, against acceptance of this tender or exchange offer.

Fidelity may also terminate the merger agreement, if:

a governmental entity has enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, injunction, order or award, whether temporary, preliminary or permanent, that would cause a failure of the conditions to the merger in the merger agreement to be satisfied; or

InterCept has breached any of InterCept's representations, warranties, covenants or other agreements contained in the merger agreement, or if any representation or warranty of InterCept shall have become untrue, in either case only if the breach would cause a failure of the conditions to the merger in the merger agreement to be satisfied, and where such breach is not cured within 30 calendar days following the occurrence of such failure.

In addition, InterCept may terminate the merger agreement if:

Fidelity, FIS or Merger Sub has breached any of their representations, warranties, covenants or other agreements contained in the merger agreement, or if any representation or warranty of Fidelity, FIS or Merger Sub shall have become untrue, in either case only if the breach would cause a failure of the conditions to the merger in the merger agreement to be satisfied, and where such breach is not cured within 30 calendar days following the occurrence of such failure; or

InterCept's board of directors determines to accept a superior proposal in accordance with the merger agreement.

If the merger agreement is validly terminated, it will become void without any liability on the part of any party unless the party is in willful breach of it. However, the provisions of the merger agreement relating to the effects of termination, termination fees and expenses, and certain provisions relating to such matters as governing law, jurisdiction and waiver of jury trial, as well as the confidentiality agreement entered into between Fidelity and InterCept, will continue in effect notwithstanding termination of the merger agreement. In the event of any willful breach by Fidelity and its subsidiaries under the merger agreement, InterCept's sole recourse shall be to receive the termination fee and expense reimbursement, if payable, as liquidated damages as well as to seek specific performance under the merger agreement.

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Termination Fee; Expense Reimbursement

Termination Fee

InterCept will pay to Fidelity, in cash, a nonrefundable \$15 million fee, as follows:

if Fidelity terminates the merger agreement because of an occurrence of a triggering event;

if InterCept terminates the merger agreement because InterCept's board of directors determines to accept a superior proposal in accordance with the merger agreement;

if an offer or proposal for a competitive transaction is received or publicly disclosed after the date of the merger agreement, and thereafter InterCept or Fidelity terminates the merger agreement because the merger was not consummated by February 21, 2005 or because the approval of the merger by InterCept's shareholders has not been obtained at the annual meeting, and within one year from the date of the termination, a competitive transaction shall have been consummated or InterCept enters into a definitive agreement with respect to a competitive transaction; or

if an offer or proposal for a competitive transaction is received or publicly disclosed after the date of the merger agreement, and thereafter Fidelity terminates the merger agreement because InterCept breaches a representation, warranty, agreement or covenant, and within one year from the date of the termination, a competitive transaction shall have been consummated or InterCept enters into a definitive agreement with respect to a competitive transaction.

Fidelity will pay to InterCept, in cash, a nonrefundable \$15 million fee, if InterCept terminates the merger agreement because Fidelity, FIS or Merger Sub willfully breaches a representation, warranty, agreement or covenant in the merger agreement, provided that at the time of InterCept's termination, Fidelity would not otherwise have had the right to terminate the merger agreement.

Expense Reimbursement

All fees and expenses incurred in connection with the merger, the merger agreement and other transactions contemplated in the merger agreement shall be paid by the party incurring such expenses, whether or not the merger or any other transaction is consummated; provided, however, that InterCept and Fidelity have agreed to share equally all fees and expenses, other than attorneys' fees, accounting fees, and financial advisory fees, incurred in connection with printing and filing with governmental entities and mailing the proxy statement and any amendments or supplements thereto, as well as all filing fees in connection with HSR Act filings.

If the merger agreement is terminated by InterCept or Fidelity and InterCept or Fidelity is required to pay the termination fee described above, the party paying the termination fee will also be required to make a nonrefundable cash payment to the other party, in an amount equal to the aggregate amount of all fees and expenses (including all attorneys' fees, accountants' fees, financial advisory fees and expenses) of the other party in connection with the merger agreement or any of the other transactions contemplated by the merger agreement, not to exceed \$2 million.

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Additionally, if Fidelity terminates the merger agreement because InterCept breaches its representations, warranties, agreements or covenants in the merger agreement and is unable to cure the breach within 30 days, then InterCept will be required to reimburse Fidelity the amount of its fees and expenses (including attorneys' fees, accountants' fees, financial advisory fees and expenses) incurred in connection with the merger agreement or any of the other transactions contemplated by the merger agreement, not to exceed \$2 million.

Treatment of Stock Options and Employee Stock Purchase Plan

InterCept Options

As of the effective time of the merger, each outstanding option granted under the InterCept 1994 Stock Option Plan, InterCept 1996 Stock Option Plan, InterCept 2002 Stock Option Plan, InterCept 2002 Acquisition Stock Option Plan and the InterCept G. Lynn Boggs Stock Option Plan, will be converted into an option to acquire shares of Fidelity common stock on the same terms and conditions of the respective InterCept options before the merger, except the new Fidelity options will be 100% vested upon issuance (including any formerly unvested InterCept options), and the new Fidelity options will terminate 90 days following the effective time of the merger, except for options of some executive officers and employees that by agreement remain outstanding and exercisable for the remainder of their term instead of terminating in 90 days. See *Proposal No. 1 - The Merger - Interests of Certain Persons in the Merger That Are Different from Your Interests - Change in Control Agreements; Effect on Options*. The number and exercise price for the new Fidelity options will be determined in the following manner: (1) the number of shares issuable under the new Fidelity options will be equal to the number of shares of InterCept common stock issuable under each outstanding InterCept option multiplied by the exchange ratio which is equal to (a) \$18.90 divided by (b) the average closing price of Fidelity's common stock for the ten most recent trading days ending one day prior to the effective time; and (2) the exercise price per share will be equal to the exercise price per share of InterCept common stock divided by the same exchange ratio. Fidelity will file a registration statement within 15 days following the merger to register the shares of Fidelity common stock issuable pursuant to the new Fidelity options.

InterCept Employee Stock Purchase Plan

The last purchase date for employees participating in the InterCept employee stock purchase plan occurred on September 30, 2004, and any shares purchased on that date will be converted into merger consideration in the same manner as other outstanding shares of InterCept common stock. The InterCept board of directors has suspended the plan as of October 1, and it will terminate as of the effective time of the merger. If the merger is not approved or otherwise is not consummated, the board expects to lift the suspension and reinstate the plan.

Certain Employee Benefits

InterCept's employees shall continue in their existing InterCept employee benefit plans until an orderly transition is arranged for the transition to Fidelity's employee benefit plans. Fidelity will make available employer-provided employee benefit plans to each continuing employee on a basis that is no less favorable in the aggregate than Fidelity provides to its similarly situated employees. These employees will receive credit for prior service with InterCept for purposes of eligibility, vesting and vacation accrual, provided that Fidelity or its affiliates shall not be required to amend any employee benefit plan to recognize service for any period that is not generally available under employee benefit plans for other plan participants. Fidelity's health plans will waive

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restrictions on coverage for pre-existing conditions (unless such restrictions were in effect under InterCept's benefit plans before the merger), and these employees will also receive credit under employee benefit plans of Fidelity for co-payments, deductibles and out-of-pocket maximum payments made during the year in which they begin participating in Fidelity's plans. Fidelity shall cause the surviving corporation to honor (a) all compensation employee benefit obligations under InterCept's employee benefit plans, and (b) all employment or severance agreements entered into by InterCept or adopted by InterCept's board of directors, provided that Fidelity or its affiliates reserves the right to terminate these benefit plans and agreements pursuant to their respective terms.

Indemnification

InterCept's directors and officers, including directors and officers of InterCept's subsidiaries, have rights to indemnification existing in their favor. The merger agreement provides that, for the acts and omissions of the indemnified persons occurring before the effective time of the merger, these indemnification rights will survive the merger and will be observed by the surviving entity in the merger for a period of six years from the effective time of the merger subject to Georgia law. Additionally, if the surviving entity is unable to satisfy its indemnification obligations under the merger agreement, and if its total shareholders' equity is less than \$220 million, then an affiliate of Fidelity, of FIS or of the surviving entity (which may be FIS) having total shareholders' equity of at least \$220 million shall assume the indemnity obligations, and if none of these entities are able to assume these obligations, Fidelity will do so. The maximum indemnity amount to be provided under the merger agreement, pursuant to the organizational documents of InterCept, its subsidiaries or the surviving entity, or by other agreement shall be \$220 million. The surviving entity shall not be liable for any settlement effected without its written consent. Any indemnified party shall notify the surviving entity upon learning of any claim and shall deliver to the surviving entity the undertaking pursuant to the GBCC.

The merger agreement also provides that at the closing of the merger, InterCept shall obtain a prepaid insurance policy with a term of up to six years providing InterCept's current (and, if available, former) directors and officers with coverage for events occurring before the effective time, provided that the premium for this policy shall not exceed \$1.5 million.

The merger agreement provides that proper provisions will be made so that the successors and assigns of the surviving entity assume the indemnification and insurance obligations described above in the event the surviving entity or any of its successors or assigns (1) consolidates with or merges into any other person and shall not be the continuing or surviving corporation of such consolidation or merger, or (2) transfers or conveys all or substantially all of its properties and assets to any person.

Amendment, Extension and Waiver

The merger agreement may be amended by the parties in writing at any time before the effective time, provided that after approval of the merger by InterCept's shareholders, no amendment which by law

or InterCept's articles of incorporation requires further approval of shareholders may be made without obtaining such further shareholder approval.

At any time before the effective time, any party to the merger agreement may in writing extend the time for the performance of any obligation or other act of any other party to the merger agreement; waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement; and waive compliance with any agreement or condition contained in the merger agreement.

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DISSENTERS' RIGHTS

If the merger is consummated, InterCept shareholders who dissent will be entitled, upon compliance with Article 13 of the Georgia Business Corporation Code (the GBCC), to receive the fair value of their shares in cash. The procedures relating to the exercise of dissenters' rights under the GBCC are summarized below. The provisions for exercising dissenters' rights are complex, and any shareholder who desires to exercise these rights must comply with them precisely. Accordingly, any InterCept shareholder intending to dissent from the proposed merger should carefully review Article 13 of the GBCC, which is attached as *Appendix C*, and should consult legal counsel. This summary is qualified in its entirety by, and made subject to, the text of Article 13 of the GBCC.

Eligibility. Any InterCept shareholder entitled to vote on the merger has the right to dissent from the merger and receive payment from InterCept of the fair value of his shares of InterCept common stock upon compliance with Article 13 of the GBCC. A shareholder may not dissent as to fewer than all of the shares that he beneficially owns, regardless of the number of accounts maintained for the benefit of the shareholder. In addition, a nominee or fiduciary may not dissent on behalf of any beneficial owner as to fewer than all of the shares of the beneficial owner that the nominee or fiduciary holds of record.

Any InterCept shareholder intending to assert dissenters' rights may not vote in favor of the merger and must deliver a written notice to InterCept of the shareholder's intent to demand payment for his shares of InterCept common stock. The objection notice must state that the shareholder intends to demand payment for his shares of InterCept common stock if the merger is consummated. To be effective, the objection notice must be delivered to InterCept in accordance with the GBCC before the vote is taken. A vote against approval of the merger will not, in and of itself, constitute an objection notice satisfying the requirements of Article 13 of the GBCC.

Dissenters' Notice. If the merger is approved, InterCept must deliver a dissenters' notice to each InterCept shareholder who has properly filed an objection notice. InterCept must deliver the dissenters' notice within 10 days after the shareholders authorize the merger. This notice will: (a) state where dissenting shareholders must send the payment demand and where and when dissenting shareholders must deposit their InterCept stock certificates; (b) set a date by which InterCept must receive the payment demand, which may not be fewer than 30 or more than 60 days after the date the dissenters' notice is delivered; and (c) be accompanied by a copy of Article 13 of the GBCC.

Duty to Demand Payment. Within the time prescribed in the dissenters' notice, an InterCept shareholder electing to dissent must make a demand for payment and deposit his certificates in accordance with the terms of the dissenters' notice. Upon filing the payment demand and depositing the certificates, the InterCept shareholder will retain all other rights of a shareholder until these rights are canceled or modified by the consummation of the merger. Failure to comply substantially with these procedures will cause the InterCept shareholder to lose his dissenters' rights to payment for the shares.

Offer of Payment. Within 10 days of the later of the date the merger is consummated or of receipt of a payment demand, InterCept must offer to pay, to each InterCept dissenting shareholder who has made a demand for payment and deposited his certificates as described in the preceding paragraph, the amount that InterCept estimates to be the fair value of the shares of the InterCept common stock, plus accrued interest. The offer of payment must be accompanied by:

certain of InterCept's financial statements as specified in the GBCC;

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a statement of InterCept's estimate of the fair value of the shares and an explanation of how the estimate of the fair value and the interest were calculated;

notification of rights to demand additional payment; and

a copy of Article 13 of the GBCC.

If the shareholder accepts InterCept's offer by written notice to InterCept within 30 days after InterCept's offer or is deemed to have accepted such offer by failing to respond within that 30-day period, InterCept must pay for such shareholder's shares within 60 days after making the offer or consummating the merger, whichever is later.

If the merger is not consummated within 60 days after the date set for demanding payment and depositing certificates, InterCept must return the deposited certificates. If, after returning deposited certificates and releasing transfer restrictions, the merger is consummated, InterCept must send a new dissenters' notice and repeat the payment demand procedure.

Procedure if Dissatisfied with Payment or Offer. If (a) the dissenting shareholder believes that the amount offered by InterCept is less than the fair value of his shares or that the interest due is calculated incorrectly, or (b) if InterCept, having failed to consummate the merger, does not return the deposited certificates within 60 days after the date set for demanding payment fails to make payment or offer payment, the dissenter may notify InterCept in writing of his own estimate of the fair value of his shares and amount of interest due, and demand payment of his estimate of the fair value of his shares and interest due. A dissenter will be deemed to have waived his right to demand payment as explained in the preceding sentence and be deemed to have accepted InterCept's offer unless the dissenter notifies InterCept of his demand in writing as provided in the preceding sentence within 30 days after InterCept offered payment for his shares.

If InterCept and the InterCept dissenting shareholder cannot agree on a fair price within 60 days after InterCept receives a demand for payment of the estimate, InterCept must either pay the amount demanded or institute judicial proceedings to fix the fair value of the shares and the accrued interest. InterCept must make all dissenters whose demands for payment remain unsettled parties to the proceeding and all of those parties must be served with a copy of the petition. The court may, in its discretion, appoint an appraiser to receive evidence and recommend a decision on the question of fair value. The court is required to issue a judgment for the amount that the court finds to be the fair value of the shares, plus interest. If InterCept does not institute such proceeding within the 60-day period, InterCept must pay each InterCept dissenting shareholder whose demand remains unsettled the respective amount demanded by each shareholder.

The court will assess certain costs and expenses of such proceeding (including reasonable compensation for, and the expenses of, the appraiser) against InterCept. The court may, however, assess the costs and expenses as it deems appropriate against any or all of the dissenting shareholders if it finds that their demand for additional payment was arbitrary, vexatious or otherwise not in good faith. The court may award fees and expenses of counsel and experts in amounts the court finds equitable (a) against InterCept if the court finds that InterCept did not comply substantially with the relevant requirements of Article 13 of the GBCC or (b) against either InterCept or any dissenting shareholder, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith.

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PROPOSAL NO. 2 ELECTION OF DIRECTORS

As used in this portion of the proxy statement relating to the election of directors, unless the context otherwise requires, the terms "we," "us," and "our" refer to InterCept, Inc., a Georgia corporation.

Election Procedures

If our shareholders approve the proposed merger as described in this proxy statement, the merger will be consummated on the date of the annual meeting or as soon as possible thereafter. In that event, the directors currently in office will continue in office until the closing of the merger, and the results of the election of directors will not take effect. If our shareholders approve the proposed merger but the merger agreement is subsequently terminated and the merger is not consummated, the persons elected to the board of directors will, effective upon the termination of the merger agreement, be elected to new terms of office as directors of InterCept. If our shareholders fail to approve the proposed merger, the persons elected to the board of directors will begin serving new terms of office as directors of InterCept.

Our articles of incorporation provide that our board of directors shall consist of at least four and no more than 12 directors, as determined by the board. The board has fixed the current number of directors at nine, divided into three classes of three directors each. The term of office of only one class of directors expires in each year; this year, the term of office of the Class III directors expires. We expanded our board of directors from six to nine directors in June 2004, and we added a director to each class. Under our bylaws and the GBCC, a director elected to fill a vacancy in a new director position created by reason of an increase in the number of directors is elected until the next election of directors by the shareholders if the vacancy is filled by the board of directors, as occurred in the June 2004 expansion. For that reason, we are nominating for election:

- (a) three Class III directors (including one director added to the board in June 2004), for a term of three years; and
- (b) the two other directors elected to the board in June 2004, to serve for the balance of their scheduled terms as noted below.

Except as described in the preceding paragraph, the directors elected at the 2004 annual meeting will hold office for the term specified below or until their successors are elected and qualified.

Unless otherwise specified on the proxy card, the persons named as proxies will vote in favor of the election of the persons named below as nominees. Each nominee currently serves as a director. The board of directors believes that each nominee will stand for election and will serve if elected as a director. If any person nominated by the board fails to stand for election or is unable to accept election, the persons named as proxies will vote in favor of the election of another person recommended by the board of directors. Proxies cannot be voted for more than three nominees in Class III and one nominee in each of Classes I and II.

Under our articles of incorporation, the holders of common stock and Series B preferred stock vote together as a single voting group on Proposal No. 2, and directors are elected by plurality. Shareholders do not have cumulative voting rights. If a quorum is present:

(a) the three Class III director nominees receiving the highest number of votes for their election will be elected as directors;

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(b) the Class II director nominee receiving the highest number of votes for his election will be elected as a director; and

(c) the Class I director nominee receiving the highest number of votes for his election will be elected as a director.

The board of directors recommends a vote FOR each of the listed nominees.

Information about Director Nominees, Other Directors and Other Executive Officers

Our director nominees and other directors and their ages and terms of office as of September 15, 2004 are as follows:

Director Nominees

<u>Name</u>	<u>Age</u>	<u>Class</u>	<u>Position with Company</u>	<u>Current Term Expires/ New Term Will Expire If Elected</u>
John W. Collins	56	III	Chairman of the Board	2004/2007
			Chief Executive Officer	
Kevin J. Lynch	36	II	Director	2004/2006
J. Daniel Speight	47	I	Director	2004/2005
Marc Weisman	51	III	Director	2004/2007
Arthur G. (Buddy) Weiss	65	III	Director	2004/2007

Other Directors

<u>Name</u>	<u>Age</u>	<u>Class</u>	<u>Position with Company</u>	<u>Current Term Expires</u>
Mark Hawn	45	I	Director	2005
Glenn W. Sturm	50	I	Director	2005
James A. Verbrugge	64	II	Director	2006
John D. Schneider, Jr.	51	II	Director	2006

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Our other executive officers and their ages and positions as of September 15, 2004 are as follows:

Other Executive Officers

Name	Age	Position with Company
Jeffery E. Berns	40	Senior Vice President
G. Lynn Boggs	48	President and Chief Operating Officer
Jonathan R. Coe	37	Vice President and General Counsel
Carole M. Collins	38	Treasurer, Vice President of Corporate Governance/Risk
L. Rand (Randy) Fluitt	58	Executive Vice President
Farrell S. Mashburn	57	Senior Vice President
Denise C. Saylor	36	Senior Vice President
Michael D. Sulpy	43	Executive Vice President

Biographical Information for Director Nominees

John W. Collins, one of our co-founders, has served as our Chief Executive Officer and Chairman of our Board of Directors since our formation. Mr. Collins served as our President from October 2000 through February 2002. Mr. Collins currently serves as a director of Nexity Bank. Mr. Collins has over 30 years of experience in multiple areas of electronic commerce for community financial institutions. Mr. Collins is the father of Denise C. Saylor, a Senior Vice President.

Kevin J. Lynch has served as a director since June 2004. Mr. Lynch has been a Principal of JANA Partners LLC since 2001. Before joining JANA, Mr. Lynch was an Investment Analyst at Sagaponack Partners, L.P., a private equity fund, from 1999 to 2001. Mr. Lynch has also held Associate positions at Cornerstone Equity Investors, Prudential Equity Investors and Prudential Investment Corporation. Mr. Lynch holds the Chartered Financial Analyst (CFA) designation.

J. Daniel Speight has served as a director since June 2004. Mr. Speight is vice chairman, chief financial officer and secretary of Flag Financial Corporation, the Atlanta-based, publicly traded parent company of Flag Bank, a community bank with 20 offices in 11 counties in central and western Georgia and north metro Atlanta. Mr. Speight has served as the Vice Chairman of Flag Financial Corporation (Flag), a bank holding company headquartered in Atlanta, Georgia, since November 2002 and as its Chief Financial Officer and Secretary since July 2002. From February 2002 to November 2002, he also served as President of Flag. He served as Chairman of Flag Bank, a subsidiary of Flag, from February 2002 until April 2003. Mr. Speight served as Chief Executive Officer of Flag and President and Chief Executive Officer of Flag Bank from 1998 to February 2002. He also served as Flag s President from 1998 to 2000. Mr. Speight has served as a director of Flag since 1998 and as a director of Flag Bank or a predecessor of Flag Bank since 1984. Mr. Speight also served in various executive positions for Citizens Bank, Vienna, Georgia, beginning in 1984, including President and Chief Executive Officer, and served as the Chief Executive Officer of First Flag Bank from 1999 until December 2000, when First Flag Bank and Citizens Bank merged. Mr. Speight is also a director of Regan Holding Corp. in Petaluma, California. Mr. Speight previously served as Chairman of The Bankers Bank and is currently a member of the State Bar of Georgia. He is past Chairman of the Georgia Bankers Association Community Banking Committee, past President of the Community Bankers Association of Georgia, and past Director of the Independent Bankers Association of America.

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Marc Weisman has served as a director since June 2004. Mr. Weisman is a co-founder of Sagaponack Partners, L.P., a private equity investment partnership, where he has been a Principal since 1996. Prior to that, Mr. Weisman was a Director at Credit Suisse First Boston (CSFB), in the Principal Transactions Group from 1995 to 1996. Prior to joining CSFB, Mr. Weisman served as the Chief Financial Officer of The Adco Group from 1988 to 1995. Prior to that, Mr. Weisman worked at Oppenheimer & Co. from 1985 to 1988, first as Chief Financial Officer and then as the head of Oppenheimer & Co.'s real estate investment banking group. Before embarking on a career in finance and investing, Mr. Weisman practiced law, including at the law firm of Weil, Gotshal & Manges from 1979 to 1985, where he was an associate and then a partner.

Arthur G. (Buddy) Weiss has served as a director since March 2004. Mr. Weiss, a private investor, has over 40 years experience in the fields of financial services and real estate investments. He served as Chairman of the Board of eResource Capital Group (now known as RCG Companies Incorporated), a company with travel and technology services businesses, from January 1999 to June 2001.

Biographical Information for Other Directors

Mark Hawn has served as a director since February 2004. Mr. Hawn has served as the Chief Executive Officer of DocuForce, Inc., which performs facilities management and offers a full suite of on and off site office support services for law firms and financial institutions, since August 2002. Mr. Hawn has also been the Chief Executive Officer of Phoenix Couriers, a local courier service in Atlanta, since 1991.

John D. Schneider, Jr. has served as a director since January 2000. For the past 17 years, Mr. Schneider has served as a director, President and Chief Executive Officer of Bankers Bancorp Inc., a bank holding company headquartered in Springfield, Illinois. He is a director, President and Chief Executive Officer of Independent Bankers Bank, Chairman of Bankers Bank Service Corporation, subsidiaries of Bankers Bancorp Inc., and President and Chief Executive Officer and a director of Bankers Bank Insurance Services, Inc. Mr. Schneider is also a director of Sullivan Bancshares, Inc., First National Bank of Sullivan and Community Bank Mortgage Corp.

Glenn W. Sturm has served as a director since May 1997. Since 1992, Mr. Sturm has been a partner in the law firm of Nelson Mullins Riley & Scarborough LLP, where he serves as a member of its executive committee. Mr. Sturm served as the Chief Executive Officer of Netzee, Inc., a provider of Internet-based banking products and services, from its inception in 1999 until October 2000. Mr. Sturm has been a director of Private Business, Inc., a provider of accounts receivable and inventory management software, since its August 2001 merger with Towne Services, Inc., of which he also served as a director.

James A. Verbrugge has served as a director since February 2004. Dr. Verbrugge is currently the Director for the Center for Strategic Risk Management at the University of Georgia. Dr. Verbrugge is also Emeritus Professor of Finance and held the Chair of Banking in the Terry College of Business of the University of Georgia from January 1992 to December 2002. From 1977 to 2001, he was Chairman of the Department of Banking and Finance in the Terry College. He has been a visiting professor at the University of Virginia, where he held the Virginia Bankers Association Chair of Banking. Dr. Verbrugge is a director of Crown Crafts, Inc. and RCG Companies Incorporated.

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Biographical Information for Other Executive Officers

Jeffery E. Berns has served as a Senior Vice President since June 2001 and was Vice President of Sales from September 1999 through May 2001. Mr. Berns is our national sales manager and supervises sales efforts for all of our banking-related products and services. Mr. Berns has worked in sales since joining us in 1997, first with InterCept Switch for approximately 18 months and then with InterCept. From February 1994 to February 1997, Mr. Berns was the Business Development Manager for the Star System, Inc. ATM network.

G. Lynn Boggs has been Chief Operating Officer of InterCept since September 2002 and has served as President of InterCept since February 2002. Before joining InterCept, Mr. Boggs served from February 2000 to August 2001 as the Chief Executive Officer of Towne Services, Inc., headquartered in metropolitan Atlanta, Georgia. Towne Services provided services and products that processed sales and payment information and related financing transactions for small businesses and banks. In March 1999, Mr. Boggs became a Senior Vice President of Investments for The Bankers Bank, also headquartered in Atlanta, Georgia. From June 1996 until March 1999, he served as the Senior Vice President and branch manager of Vining-Sparks Investment Banking Group, L.P., a fixed income broker-dealer to financial institutions in Nashville, Tennessee. From October 1994 to June 1996, he was Senior Vice President-Investments at PaineWebber, Inc. in Nashville.

Jonathan R. Coe has been Vice President and General Counsel since May 2001. Before joining InterCept, Mr. Coe was vice-president with GWB (USA), Inc., a private equity company, from April 2000 to April 2001. From May 1996 to April 2000, Mr. Coe was an attorney with Nelson Mullins Riley & Scarborough LLP.

Carole M. Collins has served as our Treasurer since September 2003 and as our Vice President of Corporate Governance/Risk since December 2003. She has served on an interim basis as our principal accounting officer since April 1, 2004. Ms. Collins has been our Director of Investor Relations since July 2000.

L. Rand (Randy) Fluitt has served as our Executive Vice President since February 2001. Mr. Fluitt manages our processing and imaging operations and oversees our regulatory reporting and compliance matters. Prior to joining us, Mr. Fluitt was Executive Vice President of SLMsoft.com Inc. from December 1998 to January 2001. Before joining SLM, he served as President and Chief Operating Officer of BancLine, a provider of core processing software for community banks, from January 1998 to November 1998, when it was acquired by SLM. Mr. Fluitt served as Vice President of the financial services division for Electronic Data Services Corp. from July 1987 to January 1998. Mr. Fluitt has over 37 years experience working with community financial institutions and financial technology providers.

Farrell S. Mashburn has served as a Senior Vice President since January 1996 and as our Secretary from June 1996 to January 1998. Mr. Mashburn also served as a director from May 1996 to January 1998. Mr. Mashburn has over 37 years of experience in providing banking related equipment, maintenance and technical support services, primarily to community financial institutions.

Denise C. Saylor has served as a Senior Vice President since February 2001. She serves as our chief administration officer and is responsible for our EFT division. Prior to becoming Senior Vice President, she served as Vice President responsible for several corporate functions including marketing, facilities management, administration and customer service. Ms. Saylor received her B.A. degree from Georgia State University before joining InterCept in 1992. Ms. Saylor is the daughter of John W. Collins, our Chief Executive Officer and Chairman of our Board of Directors.

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Michael D. Sulpy has served as our Executive Vice President of Network Communications since January 1998. Mr. Sulpy co-founded InterCept Communications Technologies, L.L.C. in March 1996 and served as its Vice President of Communications until its merger with us in January 1998. He joined InterCept Communications Technologies in 1987, and from January 1993 to January 1996 served as its network manager, responsible for data network design and maintenance and personnel training. Mr. Sulpy has over 18 years of data communications management and telecommunications network experience.

CORPORATE GOVERNANCE

Our business, properties and affairs are managed under the direction of our board of directors. Although directors are not involved in the day-to-day operating details, we strive to keep them informed about our business through written reports and documents we provide to them regularly, as well as through operating, financial and other reports presented by Mr. Collins and other officers at meetings of the board of directors and of committees of the board of directors. The board has determined that each of Mark Hawn, John D. Schneider, Jr., James A. Verbrugge, and Arthur G. Weiss is independent under the definition contained in Rule 4200(a)(15) of the National Association of Securities Dealers Marketplace Rules.

Meetings of the Board

The board of directors held 15 meetings in 2003. Each director attended at least 75% of the board and committee meetings to which he was assigned.

Committees of the Board of Directors

The board of directors has established an Audit Committee, a Nominating and Governance Committee and a Compensation and Stock Option Committee. Our bylaws permit shareholders to make nominations for directors, but only if those nominations are made timely and by notice in writing to our corporate Secretary and in compliance with our bylaws.

Audit Committee. The Audit Committee of our board of directors is composed of John D. Schneider, Jr. (chair), James A. Verbrugge and Arthur G. Weiss. The board has determined that each member of the Audit Committee is an audit committee financial expert and is independent under the SEC's Rule 10A-3. Our Audit Committee's functions are described in the Report of the Audit Committee below.

Nominating and Governance Committee. This committee is responsible for the oversight of the composition of the board and its committees, identification and recommendation of individuals to become board members, and maintenance of a statement of corporate governance guidelines. Our Nominating and Governance Committee is composed of James A. Verbrugge (chair), Mark Hawn and John D. Schneider, Jr. The board has determined that each member of the Nominating and Governance Committee is independent under the definition contained in Rule 4200(a)(15) of the National Association of Securities Dealers Marketplace Rules. For more information regarding director nominations, see *Director Nominations* below.

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Compensation and Stock Option Committee. This committee oversees our management of some of our human resources activities, including determining compensation for executive officers, granting

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stock options and the administering of our stock option and other employee benefit plans. John D. Schneider, Jr. (chair), Arthur G. Weiss and Mark Hawn currently serve on this committee. For more information regarding our compensation policies, see *Report of the Compensation and Stock Option Committee on Executive Compensation* below.

Report of the Audit Committee

The Audit Committee is appointed by the board of directors and met ten times in 2003. Our Audit Committee operates under a written charter adopted by the board, which revised the charter on April 4, 2004 to comply with new SEC requirements and Nasdaq National Market listing standards. You can view our updated Audit Committee Charter on our website at www.intercept.net under Investor Relations Investor Information Corporate Governance. (We also attached this charter as *Annex A* to our definitive proxy materials dated June 1, 2004.)

During 2003 and until February 2004, our Audit Committee was composed of Jon R. Burke, Boone A. Knox and John D. Schneider, Jr. Since March 2004, the committee has been composed of Mr. Schneider, Dr. James A. Verbrugge and Mr. Arthur G. Weiss. Our Audit Committee is responsible for providing oversight of the independent audit process and the independent auditors, reviewing our financial statements and the financial statements of our subsidiaries and discussing them with management and the independent auditors, reviewing and discussing with management and the independent auditors the adequacy and effectiveness of our internal accounting and disclosure controls and procedures, and providing legal and regulatory compliance and ethics programs oversight. The Audit Committee communicates regularly with our management, including our Chief Financial Officer and accounting personnel, and with our auditors. The Audit Committee is also responsible for conducting an appropriate review of and pre-approving all related party transactions in accordance with NASDAQ listing standards, and evaluating the effectiveness of the Audit Committee charter at least annually.

The Audit Committee has reviewed and discussed our audited financial statements with management. The Audit Committee has discussed with our independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended by Statement on Auditing Standards No. 90 (communications with audit committees). The Audit Committee has also received from our independent auditors the written disclosures and the letter required by Independent Standards Board Standard No. 1 and has discussed with the independent auditors the independent auditors independence from our company and its management. The Audit Committee reported its findings to our board of directors.

In performing all of these functions, the Audit Committee acts only in an oversight capacity. The Audit Committee reviews our quarterly and annual reporting on Form 10-Q and Form 10-K prior to filing with the SEC. In its oversight role, the Audit Committee relies on the work and assurances of our management, which has the primary responsibility for financial statements and reports, and of the independent auditors, who, in their report, express an opinion on the conformity of our annual financial statements to generally accepted accounting principles.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2003 for filing with the SEC.

Submitted by: John D. Schneider, Jr.
James A. Verbrugge
Arthur G. Weiss

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Nominations of Directors

Given the new corporate governance requirements of the Nasdaq Stock Market, on April 4, 2004 our Board adopted a Nominating and Governance Committee Charter and Corporate Governance Guidelines. You can view the charter and guidelines on our website at www.intercept.net under Investor Relations Investor Information Corporate Governance. (We also attached these materials as *Annex B* and *Annex C*, respectively, to our definitive proxy materials dated June 1, 2004.)

The Nominating and Governance Committee was formed in April 2004 and its responsibilities include evaluating and recommending to the full board of directors the director nominees to stand for election at our annual meetings of shareholders. The Committee is authorized to retain search firms and to compensate them for their services.

The Nominating and Governance Committee will examine each director nominee on a case-by-case basis regardless of who recommends the nominee. In considering whether to recommend any particular candidate for inclusion in the board's slate of recommended director nominees, the Committee considers the criteria specified in our Corporate Governance Guidelines. These criteria include the candidate's availability, insight, practical wisdom, professional and personal ethics and values consistent with longstanding company values and standards, experience at the policy-making level in business, government, education, technology or other areas of endeavor specified by the board, commitment to enhancing shareholder value, and ability and desire to represent the interests of all shareholders. The Committee does not assign specific weights to particular criteria, and no particular criterion is a prerequisite for each prospective nominee. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the board of directors to fulfill its responsibilities.

In addition to the qualification criteria above, the Nominating and Governance Committee also takes into account whether a potential director nominee qualifies as an audit committee financial expert as the SEC defines that term, and whether the potential director nominee would qualify as an independent director under the listing standards of The Nasdaq Stock Market.

The Nominating and Governance Committee evaluated three of our board's five nominees, Mr. Collins, Mr. Speight and Mr. Weiss, in light of the above criteria and recommended to the board that they be nominated for reelection at the 2004 annual meeting. Our board approved that recommendation. Mr. Lynch and Mr. Weisman are being nominated pursuant to a covenant in the settlement agreement with JANA Partners, LLC and JANA Master Fund, Ltd. (which we sometimes refer to together as "JANA") described below in *Information Related to Settlement of Proxy Contest with JANA*.

The Nominating and Governance Committee will consider persons recommended by shareholders to become nominees for election as directors, provided that those recommendations are submitted in writing to our Corporate Secretary specifying the nominee's name and qualifications for board membership. For a shareholder to nominate a director candidate as provided under our bylaws, the shareholder must comply with the advance notice provisions and other requirements of Section 3.8 of our bylaws.

Shareholders who intend to recommend a director candidate to the Nominating and Governance Committee for consideration are urged to thoroughly review our Corporate Governance Guidelines and Nominating and Governance Committee Charter.

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Communications with Board of Directors

The board of directors has established a process for shareholders to send communications to the board of directors. Shareholders may communicate with the board as a group or individually by writing to: The Board of Directors of InterCept, Inc. c/o Carole Collins, Assistant Secretary, InterCept, Inc., 3150 Holcomb Bridge Road, Norcross, GA 30071. The Assistant Secretary may require reasonable evidence that a communication or other submission is made by an InterCept shareholder before transmitting the communication to the board or board member. On a periodic basis, the Assistant Secretary will compile and forward all shareholder communications submitted to the board or the individual directors.

Director Compensation

We pay each director \$1,000 for in-person attendance at any meeting for their services as our directors, \$250 for attendance via telephone for meetings lasting 30 minutes or less and \$500 for attendance via telephone for meetings lasting over 30 minutes. Upon initial election to the board of directors, each non-employee director who beneficially owns less than 4% of our outstanding common stock on the date of his election to the board of directors receives options to acquire 35,000 shares of common stock, 11,667 of which vest immediately and the remainder of which vest ratably on the first and second anniversaries of such initial election. In addition, on each anniversary date of a director's initial election to the board of directors, each director receives a grant of options to acquire 10,000 shares of common stock that vest on the date of grant. On the fifth anniversary, each director receives a grant of options to acquire 35,000 shares of common stock, 11,667 of which vest immediately and the remainder of which vest ratably on the first and second anniversaries of such grant. The exercise price of these options is equal to the fair market value of the common stock on the date of grant. Each director option expires ten years after the date of grant, unless canceled sooner as a result of termination of service or death, or unless the option is fully exercised before the end of the option period. Directors may be reimbursed for out-of-pocket expenses incurred in attending meetings of the board of directors or its committees and for other expenses incurred in their capacity as directors.

Indemnification

We indemnify our directors and officers to the fullest extent permitted by law so that they will serve free from undue concern that they will be held personally liable for our liabilities. This is required under our bylaws, and we have also signed agreements with each of our directors and executive officers contractually providing this indemnification to them.

Certain Relationships and Related Transactions

Glenn W. Sturm, one of our directors, is a partner in the law firm of Nelson Mullins Riley & Scarborough LLP. We retained Nelson Mullins to provide various legal services to InterCept during 2003 and have retained Nelson Mullins to provide various legal services to us in 2004. The amount paid to Nelson Mullins for services rendered to us in 2003 did not exceed 5% of Nelson Mullins' gross revenues in 2003.

Denise C. Saylor, a Senior Vice President, is the daughter of John W. Collins. For 2003, Ms. Saylor received a salary of \$175,000. Ms. Saylor's husband, David W. Saylor, is a Commissioned Sales Representative with InterCept and received aggregate salary and commissions of \$238,776 in 2003.

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We paid \$49,000 to W-II Investments, Inc. as reimbursement for use of a W-II Investments aircraft for business travel during fiscal 2003. Payment was based on the average incremental cost of operating that type of aircraft. Each of Mr. Collins and Mr. Sturm owns 50% of W-II Investments, Inc.

Please see *Information Related to Settlement of Proxy Statement with JANA* below for a description of our June 2004 settlement of our proxy contest with JANA. Under the terms of that settlement, our board added three positions to our board and elected two directors designated by JANA – Marc Weisman and Kevin J. Lynch. Also under that settlement, we are nominating Mr. Lynch and Mr. Weisman as directors at this meeting.

Please also see *The Merger – Interests of Certain Persons in the Merger That Are Different from Your Interests* for a description of certain shareholder agreements and John Collins non-competition agreement.

Company Policies

All transactions between InterCept and our shareholders, affiliates, officers and directors, if any, are subject to the approval of a majority of the independent and disinterested outside directors and are conducted on terms no less favorable than could be obtained from unaffiliated third parties on an arm's length basis.