

CREATING VALUE | 2005 ANNUAL REPORT

**CBIZ, INC.**



CBIZ, INC.

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MISSION STATEMENT

Our mission is to help our clients prosper by providing them with a wide array of high-quality business and individual services that enable them to better manage their employees, finances, and technology. We will strive to consistently provide superior services and products designed to make their business easier and more successful.

Our unwavering commitment to our clients will be equaled by our commitment to our associates and our focus on improving shareholder value. CBIZ maintains a professional culture that is supportive and motivating, fosters and rewards high performance, and creates meaningful career opportunities.

CORPORATE PROFILE

As a trusted advisor to individuals and businesses across America, CBIZ provides our clients with solutions that help them improve their profitability. From our many service platforms — in areas ranging from accounting, employee benefits, and valuation to HR consulting, payroll, and information technology services — we strive to provide clients with the most effective business solutions and opportunities. With approximately 4,700 associates in more than 140 offices across the country, CBIZ’s resources and product array are uniquely suited to support the growth and success of our clients.

CBIZ CORPORATE OFFICE  
CLEVELAND, OHIO



This annual report to shareholders contains forward-looking statements, which by their nature involve risks and uncertainties. CBIZ’s Annual Report on Form 10-K, which is filed with the Securities and Exchange Commission, contains a detailed description of certain factors that may cause actual results to differ from results contemplated from such statements.

## LETTER TO SHAREHOLDERS

**DEAR FELLOW SHAREHOLDERS,**

2005 was a very successful year for CBIZ.

We met or exceeded our financial and operational goals and achieved revenue and margin growth in each of our major business areas.

The fourth quarter of 2005 represented our 10th consecutive quarter of same-unit growth. In addition, we continued to generate strong cash flow, which enabled us to fund our acquisition and share repurchase programs and reduce our debt.

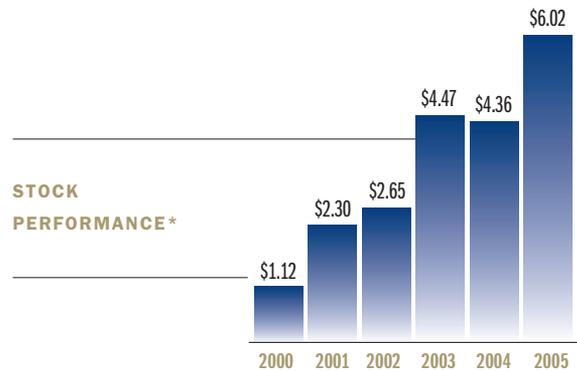
Our decision to officially change our corporate name to CBIZ, Inc. further supports the integrated branding and advertising campaign launched three years ago and designed to brand CBIZ as the premier source of professional business services for companies and individuals nationwide.

The continuation of our co-location and professional training programs further enhanced our cross-serving initiative and resulted in our highest year for cross-serving revenue.

**CREATING VALUE FOR SHAREHOLDERS**

We reported revenue of \$559 million, an increase of more than 10% over 2004. Same-unit revenue for the year increased by more than 6% and newly acquired operations contributed nearly \$24 million to revenue growth in 2005. Net income from continuing operations for 2005 was \$0.28 per diluted share, compared with the restated \$0.26 per diluted share and the \$0.21 per diluted share we reported for 2004.

During 2005, cash flow continued to be very strong and debt was reduced by nearly \$22 million over the prior year. The company repurchased 3.8 million shares of our common stock at a cost of approximately \$16.7 million in 2005. Since we initiated the repurchase program in June 2003, CBIZ



\* Closing price at December 31.

has repurchased 24.1 million shares of our common stock for nearly \$100 million, reducing the number of shares outstanding by approximately 21%.

The market recognized our strength, as evidenced by the 38% appreciation in our share price over the past year. We are pleased to report that, on average, our company's share price has appreciated approximately 31% a year for the past three years and, on average, approximately 40% annually over the past five years.

At the beginning of 2006, we received authorization from our Board of Directors to repurchase up to 5 million shares through March 31, 2007. In addition, we recently established a new \$100 million unsecured credit facility, which replaced an existing \$100 million secured credit facility. This new facility provides for lower borrowing costs and will allow greater flexibility for future acquisitions and share repurchases.

*Continued on next page*

## LETTER TO SHAREHOLDERS (CONT.)

### ADDING VALUE THROUGH ACQUISITIONS

In 2005, we continued to seek and acquire strategic businesses that would expand our market position and further enhance our service offerings. Our acquisitions included the largest locally owned San Diego accounting and consulting firm, Nation Smith Hermes Diamond, which greatly strengthens our presence in the market, and Gallery Asset Management, an Ohio-based registered investment advisor that augments our retirement plan consulting and wealth management business.

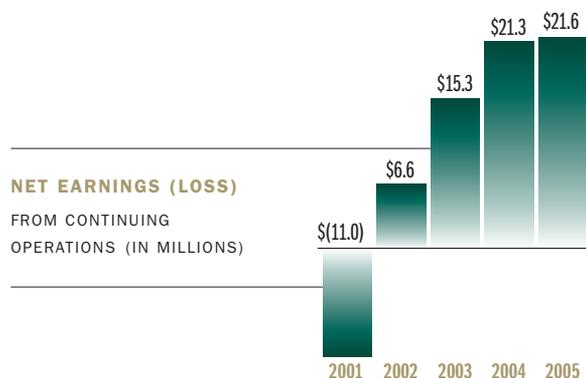
We completed two additional acquisitions in January 2006. The TriMed Group, with operations in Michigan, Indiana, and Ohio, provides billing services and in-house computer systems primarily to hospital-based physician practices. TriMed was merged into our CBIZ Medical Management Professionals business, which recorded nearly \$100 million in revenue for 2005 and is a highly profitable business segment for CBIZ. In addition, we welcomed Valley Global Insurance Brokers to our Northern California benefits and insurance operations. Valley Global is a property and casualty insurance broker focusing primarily on the construction and technology industries.

### CREATING VALUE FOR CLIENTS

In addition to internal and acquisition growth, one of our key revenue drivers is cross-serving. For the third year in a row, we exceeded our cross-serving goal. Revenues derived from internal business referrals grew more than 30% as a result of increases in both the number of transactions and their dollar value. Our investments in unit co-location, professional training, and associate networking efforts are clearly succeeding in further embedding “growth through cross-serving” into the CBIZ culture. Our clients are the ultimate beneficiaries of these efforts, as cross-serving delivers more solutions to them from one trusted source.

During the past year, we launched our wealth management business, in which we have registered investment professionals providing tailored investment strategies to business owners, senior executives, and high-net-worth individuals and families. We also consolidated our Human Capital Advisory Services into one synergistic, focused practice with standardized products in order to better serve our clients’ employee management needs.

Our new affiliation with Kreston International, one of the largest accounting networks in the



\*Results include a one time \$0.05 tax benefit.

## LETTER TO SHAREHOLDERS (CONT.)

world, also creates value for our clients by enabling us to offer international accounting capabilities. We can now target and serve larger potential clients that have global business needs and also better serve foreign-based companies doing business in the United States with CBIZ services.

**OUTLOOK FOR 2006**

The outlook is positive for CBIZ. Revenue is up in each major business. Our name is more widely known and respected. We're attracting larger clients, and we have the platform to continue to grow our business.

CBIZ will continue to develop our client-centric service model, which addresses our clients' financial, employee, and technology challenges with customized CBIZ solutions.

In 2006, we expect to achieve revenue growth in a range of 8% to 10% and continue to improve earnings per share from continuing operations by 20% to 25% over the \$0.28 per diluted share reported for 2005. We also expect cash flow to remain strong and EBITDA to be approximately \$60 million to \$62 million.

In closing, I would like to thank our CBIZ associates nationwide for their dedication to our

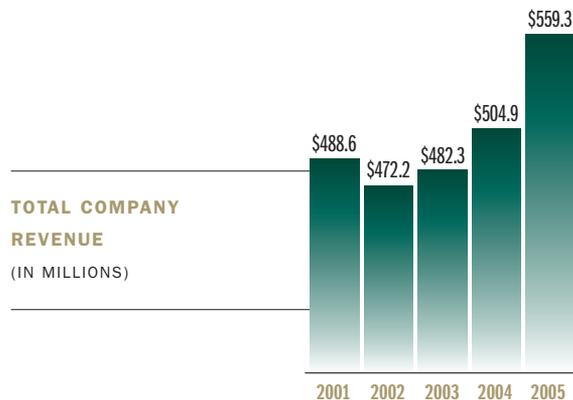


company, our Board of Directors for their insight and guidance, and our CBIZ shareholders for their continued support.

Sincerely,

**Steven L. Gerard**

Chairman and Chief Executive Officer  
March 21, 2006



\*\*Same-unit revenues represents revenues from continuing operations, as restated, from units with full-year results in all periods presented.

## CLIENT TESTIMONIAL

## MID-CONTINENT PUBLIC LIBRARY

The Mid-Continent Public Library is one of the largest library systems in the United States, with more than 1,000 employees at 31 locations serving three counties in Western Missouri. CBIZ serves as broker for the Library's employee benefits, including dental, health, long-term disability, AD&D, EAP, and Section 125. CBIZ has also acted as the Library's HR consultant for a salary study and FLSA exempt employee audit.

*"Our positive, long-standing relationship with CBIZ has allowed us to **build trust** over the years. CBIZ knows us. They sit down and talk with us. **They listen.** They come back with solutions based on that human contact. It sounds simple, but lots of companies don't do those things anymore.*

*"CBIZ really helps us focus on our core tasks. Because we have them looking out for us, we can concentrate on library work, while they concentrate on making sure that we get the best deal for our employees. Thanks to CBIZ, we have consistently been able to **keep our benefits attractive and competitive** and successfully **recruit and keep employees.** We are exceptionally happy with our relationship with CBIZ."*



"Thanks to CBIZ, we have consistently been able to keep our benefits **attractive** and **competitive.**"

— STEVEN POTTER,  
BUSINESS MANAGER

## CLIENT TESTIMONIAL



“CBIZ helps me stay  
focused on my  
core business.”

— MIKE HOAG, PRESIDENT/CEO

## NATIONAL INDUSTRIAL LUMBER COMPANY

National Industrial Lumber Company of North Jackson, Ohio, is a wholesale lumber company that manufactures and sells packaging lumber, pallets, and crates; supplies wholesale lumber and building products to retail lumber yards; and operates Stainwood Products™, a wholesale factory finishing company that specializes in non-vinyl exterior products. The company relies on CBIZ for health, property, and life insurance; profit-sharing; 401(k); payroll processing; and business accounting and performance enhancement.

*“Our relationship with CBIZ is very important to our company. CBIZ helps me stay focused on my core business. They bring to the table a **level of expertise** that a company my size can’t afford to employ. The quality of their people as well as their performance gave me the confidence to invest more and more of my business in CBIZ.*

*“Working with CBIZ has enabled my company to **enhance benefits** to employees, **improve profits, lower costs**, and become a **proactive company** that can adapt to change. Having one source that can meet my multiple business needs has also been a great advantage — it saves me time and money, and knowing how the services work together has improved the overall performance of our benefits to employees.”*

## CLIENT TESTIMONIAL

**LA ASSOCIATES, INC.**

Vienna, Virginia-based LA Associates, Inc. is the parent company of four subsidiaries that provide direct marketing and communication design services to both for-profit and not-for-profit organizations. CBIZ assists the company with executive recruiting;

specialized accounting projects; retirement planning; health, disability, and life insurance; COBRA administration; and Flexible Spending Account administration.



*“I describe our partnership with CBIZ as a mutually beneficial **business necessity for success**. It has allowed us to better focus on our core competencies, knowing that our employees are being taken care of while we are kept in compliance with the various reporting agencies.*

*“I am confident that we are getting the **best value** for our dollar when it comes to employee benefits by working with CBIZ. And CBIZ’s ability to **meet our diverse business needs** is a tremendous advantage from the standpoint of economies of scale and efficiency.*

*“In comparing CBIZ to other companies, CBIZ seemed more well-rounded and **extremely knowledgeable** with respect to our business needs. I really feel that CBIZ understands my objectives and goals best. CBIZ’s combination of **customer service, competence, and professionalism** is what sets them apart. My feeling is, do what you do best — and let CBIZ do the rest!”*

“CBIZ’s combination of **customer service, competence, and professionalism** is what sets them apart.”

— WAYNE LIZAMA, CHIEF FINANCIAL OFFICER, VICE PRESIDENT

## CLIENT TESTIMONIAL

**GRANT CONSTRUCTION, INC.**

Grant Construction, Inc. of Bakersfield, California, specializes in wood framing for commercial and residential customers. The company has over 500 employees at two locations and has relied on CBIZ for tax, retirement benefits, and health insurance services since 2000.

*“Excellent tax planning strategies and employee compensation programs are vital to our success. CBIZ takes special care in presenting employee compensation programs that provide the **greatest value** to our employees at the **least cost** to the business.*

*“It makes great business sense to have one company provide comprehensive business services to us. CBIZ brings a vast array of in-depth knowledge, all under **one roof**.*

*“CBIZ specializes in helping businesses like ours **plan for growth**. Every year, we meet with CBIZ to plan for the upcoming year’s taxable income and employee benefit packages. We are always trying to offer more compensation to our employees without the additional tax burden. We accomplish this because CBIZ **stays on top** of the latest legislation impacting accounting, taxation, and human resources, fields in which the laws are always changing.*

*“I feel only a large company like CBIZ, filled with specialists and experts in many different fields, could achieve the **best outcome** for my company. This is precisely why we are, and will continue to be, affiliated with CBIZ.”*



*“CBIZ specializes in helping businesses like ours **plan for growth**.”*

— GRANT FRAYSIER, JR., PRESIDENT

## CLIENT TESTIMONIAL

**AIRCON ENGINEERING, INC.**

Cumberland, Maryland-based Aircon Engineering, Inc. is a regional distributor of heating and air conditioning products to over 200 dealers in Maryland, Pennsylvania, Virginia, and West Virginia. CBIZ handles the company's health insurance, property and casualty insurance, financial planning, accounting, and payroll services.



*“Our partnership with CBIZ is an **integral part** of our business plan. By outsourcing much of our accounting and payroll functions, we have been able to realize **extensive financial efficiencies** as well as **enhanced internal controls**.”*

*“Using CBIZ services permits me to concentrate on our core business, knowing that these activities are being **prudently monitored** by CBIZ’s professionals.”*

*“CBIZ has helped us **identify needs** and, by using their resources, we have been able to create **new opportunities** for employee benefits. CBIZ has also assisted in succession planning and provided business financial evaluations.”*

*“What sets CBIZ apart are its **one-source** capabilities — which permit Aircon to obtain efficiencies that could not be realized if using multiple agencies — and the personal relationships that create a high level of confidence. We have been very pleased with CBIZ’s service and consider CBIZ an important business partner.”*

“We consider CBIZ  
an important  
business partner.”

— KIM B. LEONARD, PRESIDENT

## CBIZ ASSOCIATES CREATE VALUE FOR CLIENTS

**JANET WILLIS, CEBS,  
EMPLOYEE BENEFITS CONSULTANT  
CBIZ BENEFITS & INSURANCE SERVICES  
LEAWOOD, KS**



*“The more **positive experiences** our clients have with numerous CBIZ advisors, the more likely we are to become their ‘go-to’ people for other needs. Cross-serving is made easy at CBIZ because of the second-to-none quality of the **professionals** in virtually every area of **expertise**. I can always be confident that there is someone inside CBIZ who can deliver the solution to any business need my client or prospect may have.*

*“My strategy is to keep my ears open within CBIZ to learn what others can do for my clients and what’s new in their respective industries. Equally important is to **listen to what issues are of concern** to my clients and then bring the two together. Recently, in a committee meeting with one of our larger school districts, our client yelled, ‘CBIZ to the rescue!’ in reference to how our CBIZ Solutions Custom product has eased the administration of their enrollment process. That’s the kind of client feedback I love to get.*

*“Our clients wouldn’t request additional CBIZ services unless we could improve their current circumstances, either through price, service, or depth of expertise. And that’s exactly what we do.”*

**PENNY MOREY,  
MANAGING DIRECTOR  
CBIZ HUMAN CAPITAL SERVICES  
BOCA RATON, FL**



*“More than just building revenue, **CBIZ’s cross-serving** builds a virtual tapestry of good business relationships. CBIZ associates learn to **understand and trust** each other’s expertise and integrity. We also come to understand the value that access to an assortment of excellent resources can bring to our clients, as well as our own bases of knowledge.*

*“With clients, **listening works best** — and asking probing questions about aspects of the business other than just the area in which you deliver services. Often, clients will mention in passing business issues that are on their minds; CBIZ nearly always has a product or service to help.*

*“We have become accustomed to **helping our clients find solutions** through the wide variety of services CBIZ offers. It makes us all more confident knowing that there is a CBIZ expert to whom we can refer valued clients for almost any business need. And we know and have confidence in each other to take good care of our clients when we refer them.”*

## 2005 ACHIEVEMENTS

**HUMAN CAPITAL ADVISORY SERVICES**

Growing the Human Resources Consulting business is a vital part of CBIZ's plan for offering our clients a resource to better manage their employees and employee-related issues. To that end, we consolidated this practice during 2005 and formed CBIZ Human Capital Advisory Services (HCAS).

The HR consulting business is one of the fastest-growing segments of the business outsourcing market, and CBIZ is ideally positioned to offer real value to our core client base. The combined talents and resources of our existing staff, augmented by future expansion plans, will allow us to provide quality services in our major markets.

Currently, CBIZ HCAS offers clients **strategic HR advisory services, compensation consulting, benefits consulting, employee training, recruiting, and human resource outsourcing.**

**WEALTH MANAGEMENT**

During 2005, CBIZ continued to commit the resources necessary to grow our wealth management business. Our wealth management business includes life insurance products, tax advisory services and registered investment advisory services provided through CBIZ Financial Solutions, Inc. This growth will allow CBIZ to offer our business and individual clients a full range of

business planning and wealth management products and services, including retirement plan consulting, individual retirement planning, fee-based money management, and wealth preservation strategies. CBIZ Financial Solutions is a broker dealer (member NASD, SIPC) and an SEC Registered Investment Adviser offering a full range of investment products, including 401(k)s, IRAs, trusts, mutual funds, annuities, stocks, and bonds to CBIZ clients.

**STRATEGIC ACQUISITIONS**

In keeping with our strategy of building out CBIZ service capabilities within key markets, CBIZ acquired the following firms in 2005:

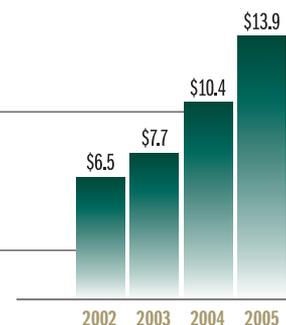
**GALLERY ASSET MANAGEMENT** of Cleveland, Ohio, was a registered investment adviser. Gallery provides retirement plan consulting services to corporate clients and wealth management services to high net-worth individuals and was integrated into CBIZ Financial Solutions, Inc.

**NATION SMITH HERMES DIAMOND** of San Diego, California, was the largest locally owned accounting and consulting firm in the San Diego market, offering a full range of tax, IT consulting, strategic planning, family wealth planning, and other services to public and growing middle market companies and their owners.

## CBIZ CROSS-SERVING

During 2005, CBIZ achieved \$13.9 million in first-year cross-serving revenue, representing a 34% increase over 2004.

**CROSS-SERVING REVENUE**  
(IN MILLIONS)



## CBIZ LOCATIONS

WITH MORE THAN 140 COMPANY OFFICES IN 34 STATES NATIONWIDE, CBIZ HAS MULTI-SERVICE CAPABILITIES IN THE FOLLOWING MAJOR METROPOLITAN MARKETS:



## CBIZ SERVICES

### FINANCIAL SERVICES

- ACCOUNTING & TAX
- VALUATION
- M&A
- INTERNAL AUDIT
- SARBANES-OXLEY  
404 CONSULTING
- MEDICAL PRACTICE BILLING &  
COLLECTING
- FINANCIAL ADVISORY

### EMPLOYEE MANAGEMENT

- GROUP HEALTH
- PAYROLL
- HUMAN CAPITAL ADVISORY
- COBRA/FLEX
- PREMIUM ADMINISTRATION
- RETIREMENT SERVICES
- WORKERS' COMPENSATION
- VOLUNTARY BENEFITS
- EXECUTIVE COMPENSATION
- LIFE INSURANCE
- WEALTH MANAGEMENT

### TECHNOLOGY SERVICES

- SOFTWARE SOLUTIONS
- HARDWARE, NETWORKING &  
INFRASTRUCTURE
- CONSULTING

## KEY PERSONNEL

### BOARD OF DIRECTORS

**Steven L. Gerard** | Chairman and Chief Executive Officer, CBIZ, Inc.

**Rick L. Burdick** | Senior Partner, Akin Gump Strauss Hauer & Feld LLP

**Gary W. DeGroot** | President, GWD Management, Inc.

**Joseph S. DiMartino** | Chairman, The Dreyfus Family of Funds

**Harve A. Ferrill** | Retired Chairman and Chief Executive Officer, Advance Ross Corporation

**Richard C. Rochon** | Chairman and Chief Executive Officer, Royal Palm Capital Partners

**Todd Slotkin** | Executive Vice President and Chief Financial Officer, MacAndrews & Forbes Holdings

**Donald V. Weir** | Financial Advisor, Sanders Morris Harris

### KEY PERSONNEL

**Steven L. Gerard** | Chairman and Chief Executive Officer

**Jerome P. Grisko, Jr.** | President and Chief Operating Officer

**Ware H. Grove** | Senior Vice President and Chief Financial Officer

**George A. Dufour** | Senior Vice President and Chief Technology Officer

**Michael W. Gleespen** | Corporate Secretary and General Counsel

**Robert A. O'Byrne** | Senior Vice President, Benefits Administration and Insurance Services

**Len Miller** | Senior Vice President, Accounting, Tax & Advisory Services

**Mark M. Waxman** | Senior Vice President, National Marketing

**Michael Kouzelos** | Senior Vice President, Strategic Initiatives

**Teresa E. Bruce** | Vice President, Human Resources

**Chris Spurio** | Vice President, Finance

**Kelly J. Kuna** | Corporate Treasurer

**Robert A. Bosak** | Corporate Controller

## SHAREHOLDER INFORMATION

**CORPORATE OFFICES**

6050 Oak Tree Boulevard, South  
Suite 500  
Cleveland, OH 44131  
(216) 447-9000  
www.cbiz.com

**LEGAL COUNSEL****Akin Gump Strauss****Hauer & Feld LLP**

Robert S. Strauss Building  
1333 New Hampshire Avenue, N.W.  
Washington, DC 20036

**STOCK TRANSFER AGENT  
AND REGISTRAR**

Shareholders requiring a change of name, address,  
or ownership of stock, as well as information about  
shareholder records or lost or stolen certificates,  
should contact:

**Computershare Investor  
Services, LLC**

2 North LaSalle Street  
Chicago, IL 60602  
(888) 726-8085

**ANNUAL MEETING**

The Annual Meeting of Shareholders will be held on  
Thursday, May 18, 2006 at 11:00 a.m. at 6100  
Oak Tree Boulevard, South, Park Center Plaza I,  
Cleveland, OH 44131, lower-level meeting room.

**INDEPENDENT  
PUBLIC ACCOUNTANTS****KPMG LLP**

One Cleveland Center  
1375 East Ninth Street  
Suite 2600  
Cleveland, OH 44114

**SECURITY MARKETS**

Shares of CBIZ, Inc. are listed on the NASDAQ  
stock market under the ticker symbol "CBIZ."

**SHAREHOLDERS' INFORMATION**

Copies of the Annual Report on Form 10-K for the  
year ended December 31, 2005 as filed with the  
Securities and Exchange Commission are available  
without charge to stockholders upon request to:

**Investor Relations**

CBIZ, Inc.  
6050 Oak Tree Boulevard, South  
Suite 500  
Cleveland, OH 44131  
(216) 447-9000

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