UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2002
Commission file no. 0-14948

FISERV, INC.
(Exact name of registrant as specified in its charter)

WISCONSIN **(State or other jurisdiction of incorporation or organization)**	**39-1506125** **(I.R.S. Employer Identification No.)**
255 FISERV DRIVE, BROOKFIELD, WISCONSIN **(Address of principal executive offices)**	**53045** **(Zip code)**

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

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

NONE
(Title of Class)

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

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

Preferred Stock Purchase Rights
(Title of Class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of January 31, 2003: $5,715,000,000

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 28, 2002: $6,738,000,000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of January 31, 2003: 191,991,614

DOCUMENTS INCORPORATED BY REFERENCE:
2002 Annual Report to Shareholders—Parts II, IV
Proxy Statement for April 3, 2003, Annual Meeting of Shareholders—Part III

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Fiserv, Inc. and Subsidiaries
Form 10-K
December 31, 2002

PART I

Special Note Regarding Forward-Looking Statements

Certain matters discussed in this Annual Report on Form 10-K are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as "believes," "anticipates" or "expects," or words of similar import. Similarly, statements that describe future plans, objectives or goals of Fiserv, Inc. ("Fiserv" or the "Company") are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those currently anticipated. Factors that could affect results include, among others, economic, competitive, governmental and technological factors affecting the Company's operations, markets, services and related products, prices and other factors discussed in the Company's prior filings with the Securities and Exchange Commission. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements.

Item 1. Business

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

As a leading technology resource, Fiserv serves more than 13,000 financial services providers worldwide, including banks, broker-dealers, credit unions, financial planners and investment advisers, insurance companies and agents, leasing companies, mortgage lenders and savings institutions. The Company operates centers nationwide for full-service financial data processing, software system development, item processing and check imaging, technology support and related product businesses. In addition, the Company has business support centers in Argentina, Australia, Canada, Colombia, Indonesia, the Philippines, Puerto Rico, Poland, Singapore and the United Kingdom.

Business Strategy

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

Although such market changes have led to consolidations that have reduced the number of financial institutions in the United States, consolidation has not resulted in a material reduction of the number of customers or financial accounts serviced by the financial industry as a whole. New organizations entering the once limited financial services industry have opened new markets for Fiserv services.

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

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

In response to these market dynamics, financial institutions obtain data processing services by different means than in the past. Many smaller, local and regional third-party data processors are leaving the business or consolidating with larger providers. A number of large financial institutions previously providing third-party processing services for other institutions have withdrawn from the business to concentrate on their primary, core businesses. Similarly, an increasing number of financial institutions that previously developed their own software systems and maintained their own data processing operations have outsourced their data processing requirements by licensing their software from a third party or by contracting with third-party processors to reduce costs and enhance their products and services. Outsourcing can involve the licensing of software, which eliminates the costly technical expertise within a financial institution, or the utilization of service bureaus, facilities management or resource management capabilities. Fiserv provides all of these options to the financial industry.

To capitalize on these industry trends, Fiserv has implemented a strategy of continuing to develop new products, improving the cost effectiveness of services provided to clients, aggressively soliciting new clients, and making both opportunistic and strategic acquisitions. In 2001, Fiserv acquired 12 businesses, adding combined annual revenues of more than $380 million and approximately 4,000 new employees. In 2002, Fiserv acquired five businesses, with combined annual revenues of more than $210 million and approximately 1,100 employees. The following is a summary of acquisitions made by Fiserv since its organization.

Acquisition History

Formed	Acquired	Company	Service
1964	July 1984	First Data Processing, Milwaukee, WI	Data processing
1971	July 1984	Sunshine State Systems, Tampa, FL	Data processing
1966	Nov. 1984	San Antonio, Inc., San Antonio, TX	Data processing
1982	Oct. 1985	Sendero Corporation, Scottsdale, AZ	Asset/liability management
1962	Oct. 1985	First Trust Corporation, Denver, CO	Retirement plans
1962	Oct. 1985	First Retirement Marketing, Denver, CO	Retirement plan marketing
1973	Jan. 1986	On-Line, Inc., Seattle, WA	Data processing, forms
1966	May 1986	First City Financial Systems, Inc., Beaumont, TX	Data processing
1962	Feb. 1987	Pamico, Inc., Milwaukee, WI	Specialized forms
1975	Apr. 1987	Midwest Commerce Data Corp., Elkhart, IN	Data processing
1969	Apr. 1987	Fidelity Financial Services, Inc., Spokane, WA	Data processing
1965	Oct. 1987	Capbanc Computer Corp., Baton Rouge, LA (sold 1991)	Data processing
1971	Feb. 1988	Minnesota On-Line Inc., Minneapolis, MN	Data processing
1965	May 1988	Citizens Financial Corporation, Cleveland, OH	Data processing
1980	May 1988	ZFC Electronic Data Services, Inc., Bowling Green, KY	Data processing
1969	June 1988	GESCO Corporation, Fresno, CA	Data processing
1967	Nov. 1988	Valley Federal Data Services, Los Angeles, CA	Data processing
1984	Dec. 1988	Northeast Savings Data Services, Hartford, CT	Data processing

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Formed	Acquired	Company	Service
1982	May 1989	Triad Software Network, Ltd., Chicago, IL (sold 1996)	Data processing
1969	Aug. 1989	Northeast Datacom, Inc., New Haven, CT	Data processing
1978	Feb. 1990	Financial Accounting Services Inc., Pittsburgh, PA	Data processing
1974	June 1990	Accurate Data On Line, Inc., Titusville, FL	Data processing
1982	June 1990	GTE EFT Services Money Network, Fresno, CA	EFT networks
1968	July 1990	First Interstate Management, Milwaukee, WI	Data processing
1982	Oct. 1990	GTE ATM Networks, Fresno, CA	EFT networks
1867	Nov. 1990	Boston Safe Deposit & Trust Co. IP services, MA	Item processing
1968	Dec. 1990	First Bank, N.A. IP services, Milwaukee, WI	Item processing
1979	Apr. 1991	Citicorp Information Resources, Inc., Stamford, CT	Data processing
1980	Apr. 1991	BMS Processing, Inc., Randolph, MA	Item processing
1979	May 1991	FHLB of Dallas IP services, Dallas, TX	Item processing
1980	Nov. 1991	FHLB of Chicago IP services, Chicago, IL	Item processing
1977	Feb. 1992	Data Holdings, Inc., Indianapolis, IN	Automated card services
1980	Feb. 1992	BMS On-Line Services, Inc. (assets), Randolph, MA	Data processing
1982	Mar. 1992	First American Information Services, St. Paul, MN	Data processing
1981	July 1992	Cadre, Inc., Avon, CT (sold 1996)	Disaster recovery
1992	July 1992	Performance Analysis, Inc., Cincinnati, OH	Asset/liability management
1986	Oct. 1992	Chase Manhattan Bank, REALM Software, NY	Asset/liability management
1984	Dec. 1992	Dakota Data Processing, Inc., Fargo, ND	Data processing
1983	Dec. 1992	Banking Group Services, Inc., Somerville, MA	Item processing
1968	Feb. 1993	Basis Information Technologies, Atlanta, GA	Data processing, EFT
1986	Mar. 1993	IPC Service Corporation (assets), Denver, CO	Item processing
1973	May 1993	EDS' FHLB Seattle (assets), Seattle, WA	Item processing
1982	June 1993	Datatronix Financial Services, San Diego, CA	Item processing
1966	July 1993	Data Line Service, Covina, CA	Data processing
1978	Nov. 1993	Financial Processors, Inc., Miami, FL	Data processing
1974	Nov. 1993	Financial Data Systems, Jacksonville, FL	Item processing
1961	Nov. 1993	Financial Institutions Outsourcing, Pittsburgh, PA	Data processing
1972	Nov. 1993	Data-Link Systems, South Bend, IN	Mortgage banking services
1985	Apr. 1994	National Embossing Company, Inc., Houston, TX	Automated card services
1962	May 1994	Boatmen's Information Systems of Iowa, Des Moines, IA	Data processing
1981	Aug. 1994	FHLB of Atlanta IP services, Atlanta, GA	Item processing
1989	Nov. 1994	CBIS Imaging Technology Banking Unit, Maitland, FL	Imaging technology
1987	Dec. 1994	RECOM Associates, Inc., Tampa, FL (sold 1998)	Network integration
1970	Jan. 1995	Integrated Business Systems, Glendale, CA	Specialized forms
1977	Feb. 1995	BankLink, Inc., New York, NY	Cash management
1976	May 1995	Information Technology, Inc., Lincoln, NE	Software and services
1957	Aug. 1995	Lincoln Holdings, Inc., Denver, CO	DP for retirement planning
1993	Sept. 1995	SRS, Inc., Austin, TX	Data processing
1992	Sept. 1995	ALLTEL's Document Management Services, CA, NJ	Item processing
1978	Nov. 1995	Financial Information Trust, Des Moines, IA	Data processing
1983	Jan. 1996	UniFi, Inc., Fort Lauderdale, FL	Software and services
1982	Nov. 1996	Bankers Pension Services, Inc., Tustin, CA	DP for retirement planning
1992	Apr. 1997	AdminaStar Communications, Indianapolis, IN	Laser print/mailing services

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Formed	Acquired	Company	Service
1982	May 1997	Interactive Planning Systems, Atlanta, GA	PC-based financial systems
1983	May 1997	BHC Financial, Inc., Philadelphia, PA	Securities services
1968	Sept. 1997	FIS, Inc., Orlando, FL, and Baton Rouge, LA	Data processing
n/a	Sept. 1997	Stephens Inc. clearing business, Little Rock, AR	Securities services
1986	Oct. 1997	Emerald Publications, San Diego, CA	Financial seminars and training
1968	Oct. 1997	Central Service Corp., Greensboro, NC	Data and item processing
1993	Oct. 1997	Savoy Discount Brokerage, Seattle, WA	Securities services
1990	Dec. 1997	Hanifen, Imhoff Holdings, Inc., Denver, CO	Securities services
1980	Jan. 1998	Automated Financial Technology, Inc., Malvern, PA	Data processing
1981	Feb. 1998	The LeMans Group, King of Prussia, PA	Automobile leasing software
n/a	Feb. 1998	PSI Group, Seattle, WA	Laser printing
1956	Apr. 1998	Network Data Processing Corporation, Cedar Rapids, IA	Insurance data processing
1977	Apr. 1998	CUSA Technologies, Inc., Salt Lake City, UT	Software and services
1982	May 1998	Specialty Insurance Service, Orange, CA	Insurance data processing
1985	Aug. 1998	Deluxe Card Services, St. Paul, MN	Automated card services
1981	Oct. 1998	FHLB of Topeka IP services, Topeka, KS	Item processing
n/a	Oct. 1998	FiCATS, Norristown, PA	Item processing
1984	Oct. 1998	Life Instructors, Inc., New Providence, NJ	Insurance/securities training
1994	Nov. 1998	ASI Financial, Inc., New Jersey and New York	PC-based financial systems
1986	Dec. 1998	The FREEDOM Group, Inc., Cedar Rapids, IA	Insurance data processing
1994	Jan. 1999	QuestPoint, Philadelphia, PA	Item processing
1981	Feb. 1999	Eldridge & Associates, Lafayette, CA	PC-based financial systems
1984	Feb. 1999	RF/Spectrum Decision Science Corporation, Oakland, CA	Software and services
1978	Mar. 1999	FIPSCO, Inc., Des Plaines, IL	Insurance marketing systems
1987	Apr. 1999	Progressive Data Solutions, Inc./Infinity Software Systems, Inc., Orlando, FL	Insurance software systems
1973	June 1999	JWGenesis Clearing Corporation, Boca Raton, FL	Securities services
1987	June 1999	Alliance ADS, Redwood Shores, CA	Imaging technology
1962	Aug. 1999	Envision Financial Technologies, Inc., Chicago, IL	Data processing
1995	Oct. 1999	Pinehurst Analytics, Inc., Chapel Hill, NC	PC-based financial systems
1982	Dec. 1999	Humanic Design Corporation, Mahwah, NJ (sold 2001)	Software and services
1983	Jan. 2000	Patterson Press, Inc., Nashville, TN	Card services
1982	May 2000	Resources Trust Company, Denver, CO	DP for retirement planning
1986	Sept. 2000	National Flood Services, Inc., Kalispell, MT	Insurance data processing
1982	Jan. 2001	Benefit Planners, Boerne, TX	Insurance data processing
n/a	Feb. 2001	Marshall & Ilsley IP services, IA, MN, MO	Item processing
1972	Mar. 2001	Facilities and Services Corp., Agoura Hills, Novato, CA	Insurance software systems
1991	Mar. 2001	Remarketing Services of America, Inc., Amherst, NY	Automobile leasing services
1982	July 2001	EPSIIA Corporation, Austin, TX	Data processing
1996	July 2001	Catapult Technology Limited, London, England	Software and services
1985	Sept. 2001	FHLB of Pittsburgh IP services, Pittsburgh, PA	Item processing
1959	Nov. 2001	NCR bank processing operations, Dayton, OH	Data and item processing
1972	Nov. 2001	NCSI, Rockville, MD	Insurance data processing
1940	Nov. 2001	Integrated Loan Services, Rocky Hill, CT	Lending services
1954	Nov. 2001	Trewit Inc., Minneapolis, MN	Insurance data processing
n/a	Nov. 2001	FACT 400 credit card solution, Bogotá, Colombia	Software and services

Formed	Acquired	Company	Service
1991	May 2002	Case Shiller Weiss, Inc., Cambridge, MA	Lending services
1974	Aug. 2002	Investec Ernst & Company's clearing operations, NY	Securities clearing services
n/a	Nov. 2002	Willis Group's TPA operations, Nashville, Wichita	Insurance data processing
1989	Nov. 2002	EDS Corporation's Consumer Network Services business, New Jersey	EFT data processing
1979	Dec. 2002	Lenders Financial Services, Agoura Hills, CA	Lending services
1989	Jan. 2003	AVIDYN, Inc., Dallas, TX	Insurance data processing

Principal Services

The Company's core business is serving the needs of banking, lending, insurance, financial planners and securities providers. With its wide array of industry-specific products, Fiserv believes its clients can satisfy their customers' growing desire for anywhere, anytime financial services. The Company's operations have been classified into two primary business segments. The Financial institution outsourcing, systems and services business segment provides account and transaction processing solutions and services to financial institutions and other financial intermediaries. The Securities processing and trust services business segment provides securities processing solutions and retirement plan administration services to brokerage firms, investment advisers and financial institutions. Fiserv also provides plastic card issuance, design, personalization and mailing services, and document solutions.

Financial Institution Outsourcing, Systems and Services. Fiserv provides financial solutions that are focused on technology needs to over 8,100 financial institutions, including banks, credit unions, leasing companies, mortgage lenders and savings institutions. The Company provides comprehensive solutions designed to meet the information processing requirements of financial institutions, including account and transactions processing services, item processing, loan servicing and lending systems. Fiserv also offers its clients service bureau and in-house processing systems, e-commerce solutions and complementary products. These complementary products and back-office solutions include treasury and investment management, decision support and performance measurement solutions, electronic funds transfer services, imaging systems, call center systems, loan origination and tracking, auto leasing software, data warehousing and data mining, and credit services. Fiserv provides a wide range of information processing solutions through multiple delivery channels primarily in the United States. In addition, many of the Company's systems have applications designed for the unique requirements of financial institutions located outside North America where the Company provides services in over 65 countries.

The insurance industry, like other financial industries, has requirements for basic administration services and information processing systems. Fiserv provides comprehensive insurance processing services and products to the insurance and related industries. Fiserv insurance solutions include administration services, systems and software for life, annuity, health, property and casualty, flood and workers compensation insurance companies. The Company also provides claims workstation software, financial accounting systems, computer-based training for insurance and securities, administrative services for employee benefit programs and electronic sales platforms that can be delivered over the Internet.

Securities Processing and Trust Services. Fiserv provides high-quality, integrated securities clearing, execution and facilitation of traditional and Internet brokerage services through advanced technology that makes executing trades faster, easier and more economical, focused customer service and economies of scale. The Company's clients include over 400 broker-dealers and financial institutions, including full-service and discount broker-dealers, registered investment advisers, municipal bond dealers, underwriters, retail brokerage operations of financial institutions, insurance firms and mutual fund companies.

Fiserv is a leading provider of retirement plan products and back-office services to financial advisers and is the largest independent trust company in the United States. The Company's clients to whom it provides self-directed retirement plan administration services and mutual fund custody and trading services include financial institutions, financial intermediaries, financial planners, investment advisers, third-party pension administrators and individual investors.

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

Servicing the Market

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

Fiserv believes that the position it holds as an independent, growth-oriented company dedicated to its business is an advantage to its clients as compared to many of its competitors that are regional or local cooperatively owned organizations, data processing subsidiaries or affiliates of financial institutions or hardware vendors. Due to the economies of scale gained through its broad market presence, Fiserv offers clients a selection of information management and data processing solutions designed to meet the specific needs of the ever-changing financial services industry. The Company believes this independence and primary focus on the financial services industry helps its business development, client service and product support teams remain responsive to the technology needs of its market.

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

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

Fiserv has been an international company since 1985, when its banking products were first launched throughout Europe, Asia and Latin America. Since then, the Company has developed an infrastructure for supporting clients in international markets. Fiserv currently maintains international support staffs in Argentina, Australia, Colombia, Indonesia, the Philippines, Puerto Rico, Poland, Singapore and the United Kingdom, and operates a joint venture in Canada.

Product Development

To meet the changing technology needs of the clients Fiserv serves the Company continually develops, maintains and enhances its systems. In 2002, product development expenses represented approximately 8% of the Company's processing and services revenues.

The Fiserv network of development and financial information technology centers applies the shared expertise of multiple Fiserv teams to design, develop and maintain specialized processing systems around its leading technology platforms. The applications of its account processing systems meet the preferences and diverse requirements of the various international, national, regional or local market-specific financial service environments of the Company's many clients.

Although multiple Fiserv development and financial technology centers share the Company's variety of nationally developed and supported software, each center has specialized capabilities that enable it to offer system application features and functions specialized to its client base. If the client's requirements warrant, Fiserv purchases software programs from third parties that are interfaced with existing Fiserv systems. In developing its products, Fiserv stresses interaction with and responsiveness to the needs of its clients.

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

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

Competition

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

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

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

Government Regulation

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

As trust companies under Colorado law, First Trust Corporation, Lincoln Trust Company and Trust Industrial Bank, subsidiaries of the Company, are subject to the regulations of the Colorado Division of Banking. In 1991, First Trust Corporation received approval of its application for Federal Deposit Insurance Corporation coverage of its customer deposits.

The Company's securities processing business, Fiserv Securities, Inc., is subject to the broker-dealer rules of the Securities and Exchange Commission and the New York Stock Exchange, as well as the National Association of Securities Dealers and other stock exchanges of which it is a member.

Employees

Fiserv employs approximately 19,400 specialists in its information management centers and related product and service companies. This service support network includes employees with backgrounds in computer science and the financial industry, often complemented by management and other direct experience in banks, credit unions, insurance companies and agencies, mortgage firms, savings and other financial services business environments.

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

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

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

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

Available Information

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

Item 2. Properties

Fiserv currently operates full-service data centers, software system development centers, and item processing and back-office support centers in 165 cities (154 in the United States).

The Company owns 12 facilities; all other buildings in which centers are located are subject to leases expiring through 2003 and beyond. The Company owns or leases approximately 161 mainframe computers (Amdahl, Compaq Alpha, Data General, Hewlett Packard, IBM, NCR, Tandem and Unisys). In addition, the Company maintains its own national data communication network consisting of communications processors and leased lines.

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

Item 3. Legal Proceedings

In the normal course of business, the Company and its subsidiaries are named as defendants in various lawsuits in which claims are asserted against the Company. On October 4, 2001, the Company initiated legal action in the United States District Court for the Eastern District of Pennsylvania against E*TRADE Securities, Inc. ("E*TRADE") as the result of E*TRADE refusing to accept delivery of a bond (with a carrying value of $27.0 million as of December 31, 2002) in violation of the terms of a contract between E*TRADE and a subsidiary of the Company. The Company intends to vigorously enforce its rights under the terms of its agreement with E*TRADE and expects to prevail and recover the carrying value of the bond. The Company expects that the liabilities, if any, which may ultimately result from such lawsuits will not have a material adverse effect on the consolidated financial statements of the Company.

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

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

Executive Officers of the Registrant

The executive officers of the Company as of February 28, 2003, together with their ages, positions and business experience are described below:

Name	Age	Position
Leslie M. Muma	58	President and Chief Executive Officer
Donald F. Dillon	62	Chairman of the Board and Chairman of Information Technology, Inc.
Kenneth R. Jensen	59	Senior Executive Vice President, Chief Financial Officer and Treasurer
Norman J. Balthasar	56	Senior Executive Vice President and Chief Operating Officer
Kenneth R. Acheson	54	Group President, Item Processing
Robert H. Beriault	51	Group President, Securities & Trust Services
Douglas J. Craft	49	Senior Vice President, Operating Group Chief Financial Officer
Patrick C. Foy	48	Group President, Bank Servicing
Thomas A. Neill	53	Group President, Credit Union & Industry Products
Rodney D. Poskochil	50	Group President, Bank Systems & eProducts
James C. Puzniak	56	Group President, Lending Systems & Services
Dean C. Schmelzer	52	Group President, Marketing & Sales
Charles W. Sprague	53	Executive Vice President, General Counsel, Chief Administrative Officer and Secretary

Mr. Muma has been President and Chief Executive Officer since 1999 and a Director of the Company since it was established in 1984. He was President and Chief Operating Officer of the Company from 1984 to 1999.

Mr. Dillon was named Chairman of the Board of Directors in July 2000. He served as Vice Chairman from 1995 to 2000. From 1976 to 1995, Mr. Dillon was co-founder and President of Information Technology, Inc. ("ITI"), a software and services organization that the Company acquired in 1995. Mr. Dillon also serves as Chairman of ITI.

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

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

Mr. Acheson was named Group President, Item Processing in October 2002. He served as President of the Item Processing Division from 2000 to 2002. He was President of Fiserv Solutions of Canada and President of INTRIA Items Inc. from 1996 to 2000.

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

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

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

Mr. Neill was named Group President, Credit Union & Industry Products in October 2002. He served as President and Chief Operating Officer of the group from 2001 to 2002. He was President of the Products & Services Division and Group President of the Industry Products & Services Group from 1993 to 2001.

Mr. Poskochil was named Group President, Bank Systems & eProducts in October 2002. He served as President of the Bank Systems and eProducts Division from 1999 to 2002. He joined Information Technology, Inc. (“ITI”) in 1978 and served in a number of capacities. In 1998 he was named President and Chief Executive Officer of ITI, which the Company acquired in 1995.

Mr. Puzniak was named Group President, Lending Systems & Services in October 2002. He served as President Bank Servicing Division II from 1999 to 2002, and was President of the Outsourcing and Information Services Division from 1998 to 1999. He was President of the Fiserv Pittsburgh division from 1995 to 1998.

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

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

PART II

Item 5. Market for Registrant’s Common Equity and Related Shareholder Matters

The information required by this item is incorporated by reference to the information pertaining thereto set forth under the captions “Management’s Discussion and Analysis of Financial Condition and

Results of Operations – Liquidity and Capital Resources" and "Market Price Information" in the Company's 2002 Annual Report to Shareholders (the "Annual Report").

Item 6. Selected Financial Data

The information required by this item is incorporated by reference to the information set forth under the caption "Selected Financial Data" in the Annual Report.

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

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

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

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

Item 8. Financial Statements and Supplementary Data

The information required by this item is incorporated by reference to the information set forth under the captions "Consolidated Statements of Income," "Consolidated Balance Sheets," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements," "Quarterly Financial Information" and "Independent Auditors' Report" in the Annual Report.

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

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item with respect to directors is incorporated by reference to the information set forth under the captions "Matter 1. Election of Directors" and "Information with Respect to Continuing Directors" in the definitive Proxy Statement for the Company's 2003 annual meeting of shareholders (the "Proxy Statement"). The information required by this item with respect to executive officers appears at the end of Part I of this Form 10-K. The information required by this item with respect to compliance with Section 16(a) of the Securities Exchange Act of 1934 by directors and officers is incorporated by reference to the information set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

Item 11. Executive Compensation

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

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

The information required by this item is incorporated herein by reference to the information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement.

In addition, the following table sets forth, as of December 31, 2002, information with respect to compensation plans under which equity securities of the Company are authorized for issuance (in thousands, except per share data):

Equity Compensation Plan Information

Plan Category	(a) Number of shares to be issued upon exercise of outstanding options	(b) Weighted-average exercise price of outstanding options	(c) Number of shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by the Company's shareholders:			
Stock Option Plan	11,610	$ 21.77	8,540
Employee Stock Purchase Plan	—	N/A	422[1]
Equity compensation plans not approved by the Company's shareholders	—	—	—
Total	11,610	$ 21.77	8,962

[1] The number of shares remaining available for future issuance under the Employee Stock Purchase Plan is subject to an annual increase on the first day of each fiscal year equal to the least of (i) 600,000 shares, (ii) 1% of the shares of Fiserv common stock outstanding on such date or (iii) a lesser amount determined by the Fiserv Board of Directors.

Item 13. Certain Relationships and Related Transactions

Not applicable.

Item 14. Controls and Procedures

(a) Evaluation of disclosure controls and procedures:

In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), within 90 days prior to the filing date of this annual report on Form 10-K, an evaluation was carried out under the supervision and with the participation of the Company's management, including the

Company's President and Chief Executive Officer and Senior Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-14(c) and 15d-14(c) under the Exchange Act). Based upon their evaluation of these disclosures controls and procedures, the President and Chief Executive Officer and the Senior Executive Vice President and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the date of such evaluation to ensure that material information relating to the Company, including its consolidated subsidiaries, was made known to them by others within those entities, particularly during the period in which this Annual Report on Form 10-K was being prepared.

(b) Changes in internal controls:

There were not any significant changes in the Company's internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1) Financial Statements:

The consolidated financial statements of the Company as of December 31, 2002 and 2001 and for each of the three years in the period ended December 31, 2002, together with the report thereon of Deloitte & Touche LLP, dated January 24, 2003, appear on pages 15 through 40 of the Company's Annual Report to Shareholders and Exhibit 13 to this Form 10-K Annual Report, and are incorporated herein by reference.

(a) (2) Financial Statement Schedule:

The following financial statement schedule of the Company and related independent auditors' report are included in this Report on Form 10-K:

	Page
Independent Auditors' Report	17
Schedule II–Valuation and Qualifying Accounts	17

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

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the quarter ended December 31, 2002.

(c) Exhibits:

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

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SIGNATURES

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

Dated: February 28, 2003
FISERV, INC.

By: /S/ Leslie M. Muma

Leslie M. Muma
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the registrant and in the capacities indicated on February 28, 2003.

Signature	Capacity
/S/ Donald F. Dillon Donald F. Dillon	Chairman of the Board, Chairman–Information Technology, Inc.
/S/ Leslie M. Muma Leslie M. Muma	Director, President and Chief Executive Officer
/S/ Kenneth R. Jensen Kenneth R. Jensen	Director, Senior Executive Vice President, Chief Financial Officer, Treasurer
/S/ Daniel P. Kearney Daniel P. Kearney	Director
/S/ Gerald J. Levy Gerald J. Levy	Director
/S/ Glenn M. Renwick Glenn M. Renwick	Director
/S/ L. William Seidman L. William Seidman	Director
/S/ Thekla R. Shackelford Thekla R. Shackelford	Director

CERTIFICATIONS

I, Leslie M. Muma, certify that:

1. I have reviewed this Annual Report on Form 10-K of Fiserv, Inc.;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
    a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;
    b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and
    c. presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):
    a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls;
6. The registrant's other certifying officers and I have indicated in this Annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 28, 2003

By: /S/ Leslie M. Muma

Leslie M. Muma
President and Chief Executive Officer

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CERTIFICATIONS

I, Kenneth R. Jensen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Fiserv, Inc.;

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and

   c. presented in this Annual Report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls;

6. The registrant's other certifying officers and I have indicated in this Annual Report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 28, 2003

By: /S/ Kenneth R. Jensen

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of Fiserv, Inc. and subsidiaries as of December 31, 2002 and 2001, and for each of the three years in the period ended December 31, 2002, and have issued our report thereon dated January 24, 2003, which report includes an explanatory paragraph as to the adoption in 2002 of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Such consolidated financial statements and report are included in your 2002 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of Fiserv, Inc., listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP
Deloitte & Touche LLP
Milwaukee, Wisconsin
January 24, 2003

SCHEDULE II
Valuation and Qualifying Accounts

Allowance for Doubtful Accounts

Year Ended December 31,	Beginning Balance	Charged to Expense	Write-offs	Balance
2002	$ 14,703,000	$ 2,713,000	$ (4,248,000)	$ 13,168,000
2001	16,001,000	2,013,000	(3,311,000)	14,703,000
2000	11,606,000	6,803,000	(2,408,000)	16,001,000

EXHIBIT INDEX

Exhibit Number	Exhibit Description
3.1	Restated Articles of Incorporation, as amended (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K dated February 28, 2000, and incorporated herein by reference (File No. 0-14948)).
3.2	By-laws, as amended (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K dated February 28, 2000, and incorporated herein by reference (File No. 0-14948)).
4.1	Shareholder Rights Agreement (filed as Exhibit 4 to the Company's Current Report on Form 8-K dated February 23, 1998, and incorporated herein by reference (File No. 0-14948)).
4.2	First Amendment to the Shareholder Rights Agreement (filed as Exhibit 4.3 to the Company's Form S-8 dated April 7, 2000, and incorporated herein by reference (File No. 333-34310)).
4.3	Second Amendment to the Shareholder Rights Agreement (filed as Exhibit 4.6 to the Company's Form 10-K dated February 27, 2001, and incorporated herein by reference (File No. 0-14948)).
	Pursuant to Item 601(b)(4)(iii) of Regulation S-K, the Company agrees to furnish to the Securities and Exchange Commission, upon request, any instrument defining the rights of holders of long-term debt that is not filed as an exhibit to this Form 10-K.
10.1	Fiserv, Inc. Stock Option Plan, as amended (filed as Exhibit 4.1 to the Company's Form S-8 Registration Statement dated April 7, 2000, and incorporated herein by reference (File No. 333-34310)).
10.2	Fiserv, Inc. Executive Incentive Compensation Plan (filed as Exhibit A to the Company's Proxy Statement for the 2001 Annual Meeting of Shareholders).
10.3	Form of Key Executive Employment and Severance Agreement, between Fiserv, Inc. and each of Donald F. Dillon, Leslie M. Muma, Kenneth R. Jensen and Norman J. Balthasar (filed as Exhibit 10.3 to the Company's Form 10-K dated February 27, 2002, and incorporated herein by reference (File No. 0-14948)).
10.4	Form of Key Executive Employment and Severance Agreement, between Fiserv, Inc. and each of Kenneth R. Acheson, Robert H. Beriault, Douglas J. Craft, Patrick C. Foy, Thomas A. Neill, Rodney D. Poskochil, James C. Puzniak, Dean C. Schmelzer and Charles W. Sprague (filed as Exhibit 10.4 to the Company's Form 10-K dated February 27, 2002, and incorporated herein by reference (File No. 0-14948)).
13	2002 Annual Report to Shareholders (to the extent incorporated by reference herein).
21	List of Subsidiaries of the Registrant.
23	Independent Auditors' Consent.
99.1	Written Statement of the Chief Executive Officer, dated February 28, 2003.
99.2	Written Statement of the Chief Financial Officer, dated February 28, 2003.

2002 ANNUAL REPORT
FISERV, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years ended December 31,		
	2002	2001	2000
	(In thousands, except per share data)		
REVENUES:			
Processing and services	$2,277,642	$1,927,030	$1,685,783
Customer reimbursements	291,245	262,151	243,438
TOTAL REVENUES	2,568,887	2,189,181	1,929,221
COST OF REVENUES:			
Salaries, commissions and payroll related costs	1,090,315	936,233	807,547
Customer reimbursement expenses	291,245	262,151	243,438
Data processing costs and equipment rentals	165,283	148,469	132,458
Other operating expenses	437,891	340,935	282,630
Depreciation and amortization	141,114	147,696	148,842
TOTAL COST OF REVENUES	2,125,848	1,835,484	1,614,915
OPERATING INCOME	443,039	353,697	314,306
Interest expense	(17,758)	(20,159)	(28,823)
Interest income	8,589	8,086	6,734
Realized gain from sale of investment	2,420	5,404	7,818
INCOME BEFORE INCOME TAXES	436,290	347,028	300,035
Income tax provision	170,153	138,811	123,014
NET INCOME	$ 266,137	$ 208,217	$ 177,021
NET INCOME PER SHARE:			
Basic	$ 1.39	$ 1.11	$ 0.96
Diluted	$ 1.37	$ 1.09	$ 0.93
SHARES USED IN COMPUTING NET INCOME PER SHARE:			
Basic	191,386	186,929	184,788
Diluted	194,951	191,584	189,804

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

	December 31, 2002	December 31, 2001
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents	$ 227,239	$ 136,088
Accounts receivable, less allowance for doubtful accounts of $13,168 and $14,703	339,737	311,217
Securities processing receivables	1,740,512	1,427,051
Prepaid expenses and other assets	119,882	108,003
Investments	2,115,778	1,885,063
Property and equipment	223,070	200,973
Intangible assets	342,614	231,713
Goodwill	1,329,873	1,022,134
TOTAL	$ 6,438,705	$ 5,322,242
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$ 122,266	$ 83,303
Securities processing payables	1,666,863	1,289,479
Short-term borrowings	100,000	112,800
Accrued expenses	280,614	241,904
Accrued income taxes	23,711	15,373
Deferred revenues	181,173	171,101
Customer funds held and retirement account deposits	1,707,458	1,420,956
Deferred income taxes	46,127	39,407
Long-term debt	482,824	343,093
TOTAL LIABILITIES	4,611,036	3,717,416
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, no par value: 25,000,000 shares authorized; none issued	—	—
Common stock, $0.01 par value: 300,000,000 shares authorized; 192,450,000 and 190,281,000 shares issued	1,924	1,903
Additional paid-in capital	599,700	564,959
Accumulated other comprehensive income	23,882	76,216
Accumulated earnings	1,227,885	961,748
Treasury stock, at cost, 804,775 shares	(25,722)	—
TOTAL SHAREHOLDERS' EQUITY	1,827,669	1,604,826
TOTAL	$ 6,438,705	$ 5,322,242

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid-In Capital	Comprehensive Income	Accumulated Other Comprehensive Income	Accumulated Earnings	Treasury Stock
	Shares	Amount					
				(In thousands)			
Balance at January 1, 2000	125,388	$1,254	$458,550		$ 125,026	$ 576,510	$(70,324)
Net income	—	—	—	$ 177,021	—	177,021	—
Foreign currency translation				(1,310)	(1,310)		
Change in unrealized gains on available-for-sale investments—net of tax of $30,705				(39,765)	(39,765)		
Reclassification adjustment for realized gains included in net income				(5,082)	(5,082)		
Comprehensive income				$ 130,864			
Shares issued under stock plans, including income tax benefits	—	—	(3,106)			—	43,182
Purchase of treasury stock	—	—	—			—	(9,884)
Balance at December 31, 2000	125,388	1,254	455,444		78,869	753,531	(37,026)
Net income	—	—	—	$ 208,217	—	208,217	—
Foreign currency translation				(881)	(881)		
Change in unrealized gains on available-for-sale investments—net of tax of $3,652				9,710	9,710		
Reclassification adjustment for realized gains included in net income				(3,513)	(3,513)		
Fair market value adjustment on cash flow hedges —net of tax				(5,272)	(5,272)		
Other					(2,697)		
Comprehensive income				$ 208,261			
Shares issued under stock plans, including income tax benefits	248	2	9,442			—	20,655
Shares issued for acquired companies	1,955	20	100,700			—	16,371
Three-for-two stock split	62,690	627	(627)			—	—
Balance at December 31, 2001	190,281	1,903	564,959		76,216	961,748	—
Net income	—	—	—	$ 266,137	—	266,137	—
Foreign currency translation				1,166	1,166		
Change in unrealized gains on available-for-sale investments—net of tax of $29,047				(45,184)	(45,184)		
Reclassification adjustment for realized gains included in net income				(1,573)	(1,573)		
Fair market value adjustment on cash flow hedges —net of tax				(6,743)	(6,743)		
Comprehensive income				$ 213,803			
Shares issued under stock plans, including income tax benefits	2,169	21	34,741			—	7,856
Purchase of treasury stock	—	—	—			—	(33,578)
Balance at December 31, 2002	192,450	$1,924	$599,700		$ 23,882	$1,227,885	$(25,722)

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,		
	2002	2001	2000
		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 266,137	$ 208,217	$ 177,021
Adjustments to reconcile net income to net cash provided by operating activities:			
Realized gain from sale of investment	(2,420)	(5,404)	(7,818)
Deferred income taxes	30,805	11,700	4,813
Depreciation and amortization	141,114	147,696	148,842
	435,636	362,209	322,858
Changes in assets and liabilities, net of effects from acquisitions of businesses:			
Accounts receivable	6,022	(1,656)	(21,153)
Prepaid expenses and other assets	(7,899)	(10,694)	(179)
Accounts payable and accrued expenses	30,302	(7,669)	9,706
Deferred revenues	10,072	6,422	24,844
Accrued income taxes	38,762	15,127	32,674
Securities processing receivables and payables—net	63,923	78,396	215,718
Net cash provided by operating activities	576,818	442,135	584,468
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures, including capitalization of software costs for external customers	(141,880)	(104,609)	(106,987)
Payment for acquisitions of businesses, net of cash acquired	(406,578)	(224,842)	(88,764)
Investments	(303,222)	(72,571)	136,726
Net cash used in investing activities	(851,680)	(402,022)	(59,025)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Repayments of) proceeds from short-term borrowings—net	(12,286)	93,075	(214,625)
Proceeds from long-term debt	156,481	1,800	5,004
Repayments of long-term debt	(16,908)	(8,113)	(143,899)
Issuance of common stock and treasury stock	11,420	15,053	20,576
Purchases of treasury stock	(33,578)	—	(9,884)
Customer funds held and retirement account deposits	260,884	(104,696)	(164,313)
Net cash provided by (used in) financing activities	366,013	(2,881)	(507,141)
Change in cash and cash equivalents	91,151	37,232	18,302
Beginning balance	136,088	98,856	80,554
Ending balance	$ 227,239	$ 136,088	$ 98,856

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2002, 2001 and 2000

1. Summary of Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Fiserv, Inc. and all majority owned subsidiaries (the “Company”). All significant intercompany transactions and balances have been eliminated in consolidation. Certain amounts reported in prior periods have been reclassified to conform to the 2002 presentation.

USE OF ESTIMATES

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

FAIR VALUES

The fair values of cash equivalents, accounts receivable, accounts payable, securities processing receivables and payables, customer funds held and retirement account deposits, short-term borrowings and accrued expenses approximate the carrying values due to the short period of time to maturity. The fair value of investments is determined based on quoted market prices. The fair value of long-term debt is estimated using discounted cash flows based on the Company’s current incremental borrowing rates and the fair value of derivative instruments is determined based on dealer quotes (see Note 3).

DERIVATIVE INSTRUMENTS

The Company uses interest rate swaps to hedge its exposure to interest rate changes. The Company’s accounting method for derivative financial instruments is based upon the designation of such instruments as cash flow hedges under accounting principles generally accepted in the United States of America and changes in the fair value are recognized in other comprehensive income until the hedged item is recognized in net income. It is the policy of the Company to execute such instruments with creditworthy banks and not to enter into derivative financial instruments for speculative purposes.

REVENUE RECOGNITION

Revenues from the sale of data processing services, plastic card services, document solutions, consulting and administration fees on trust accounts are recognized as the related services are provided or when the product is shipped. Revenues from the sale of securities processing services are recognized as securities transactions are processed on a trade-date basis. Revenues from securities processing and trust services include net investment income of $95.4 million, $101.6 million and $124.3 million, net of direct credits to customer accounts of $20.0 million, $45.2 million and $94.1 million in 2002, 2001 and 2000, respectively. Revenues from software license fees (representing approximately 6%, 8% and 8% of 2002, 2001 and 2000 processing and services revenues) are recognized when written contracts are signed, delivery of the product has occurred, the fee is fixed or determinable and collection is probable. Maintenance fee revenues are recognized ratably over the term of the related support period, generally 12 months.

CASH AND CASH EQUIVALENTS

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

SECURITIES PROCESSING RECEIVABLES AND PAYABLES

The Company’s securities processing subsidiaries had receivables from and payables to brokers or dealers and clearing organizations related to the following at December 31:

	2002	2001
	(In thousands)	
RECEIVABLES:		
Securities failed to deliver	$ 90,965	$ 39,611
Securities borrowed	904,045	706,918
Receivables from customers	683,854	649,252
Other	61,648	31,270
TOTAL	$ 1,740,512	$ 1,427,051
PAYABLES:		
Securities failed to receive	$ 79,259	$ 50,563
Securities loaned	824,369	797,619
Payables to customers	624,099	354,515
Other	139,136	86,782
TOTAL	$ 1,666,863	$ 1,289,479

Securities failed to deliver and failed to receive represent the contract value of securities that have not been delivered or received as of the settlement date. Securities borrowed and loaned represent deposits made to or received from other broker-dealers. Receivables from and payables to customers represent amounts due or payable on cash and margin transactions.

INVESTMENTS

The Company's trust administration subsidiaries accept money market deposits from trust customers and invest the funds in securities. Such amounts due trust depositors represent the primary source of funds for the Company's investment securities and amounted to $1.7 billion and $1.4 billion as of December 31, 2002 and 2001, respectively. Investments in government agency and certain fixed income obligations had an average duration of approximately one year and six months at December 31, 2002. These investments are accounted for as held to maturity and are carried at amortized cost as the Company has the ability and intent to hold these investments to maturity.

Available for sale investments are carried at market, based upon quoted market prices. Unrealized gains or losses on available for sale investments are accumulated in shareholders' equity as accumulated other comprehensive income, net of related deferred income taxes. Related gross unrealized gains were $65.6 million and $142.2 million as of December 31, 2002 and 2001, respectively. Realized gains or losses are computed based on specific identification of the investments sold.

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

	2002		2001	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(In thousands)			
U.S. Government and government agency obligations	$1,488,361	$ 1,512,466	$ 986,531	$ 998,026
Other fixed income obligations	232,334	242,498	600,156	613,621
Total held to maturity investments	1,720,695	1,754,964	1,586,687	1,611,647
Available for sale investments	95,723	95,723	145,417	145,417
Money market mutual funds	249,830	249,830	115,901	115,901
Other investments	49,530	49,530	37,058	37,058
TOTAL	$2,115,778	$ 2,150,047	$1,885,063	$ 1,910,023

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation and amortization are computed primarily using the straight-line method over the estimated useful lives of the assets, ranging from three to 40 years. Property and equipment consist of the following at December 31:

	2002	2001
	(In thousands)	
Data processing equipment	$ 299,263	$ 269,490
Buildings and leasehold improvements	123,553	104,309
Furniture and equipment	127,860	129,167
	550,676	502,966
Less accumulated depreciation and amortization	327,606	301,993
TOTAL	$ 223,070	$ 200,973

INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	(In thousands)		
2002			
Software development costs for external customers	$ 362,558	$ 245,981	$ 116,577
Purchased software	145,486	90,333	55,153
Customer base	211,738	63,954	147,784
Other	27,288	4,188	23,100
TOTAL	$ 747,070	$ 404,456	$ 342,614

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	(In thousands)		
2001			
Software development costs for external customers	$ 318,349	$ 213,358	$ 104,991
Purchased software	113,205	66,430	46,775
Customer base	116,531	55,267	61,264
Other	22,570	3,887	18,683
TOTAL	$ 570,655	$ 338,942	$ 231,713

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

Gross software development costs for external customers capitalized for new products and enhancements to existing products totaled $44.9 million, $36.6 million and $34.0 million in 2002, 2001 and 2000, respectively. Amortization of previously capitalized development costs, included in depreciation and amortization, was $38.3 million, $35.5 million and $35.9 million in 2002, 2001 and 2000, resulting in net capitalized (amortized) development costs of $6.6 million, $1.1 million and $(1.9 million) in 2002, 2001 and 2000, respectively.

Customer base intangible assets represent customer contracts and relationships obtained as part of acquired businesses and are amortized using the straight-line method over their estimated useful lives, ranging from five to 20 years. Other intangible assets consist primarily of non-compete agreements, which are generally amortized over their estimated useful lives, and trade names that have been determined to have indefinite lives and therefore, as of January 1, 2002, are no longer amortized in accordance with the provisions of SFAS No. 142 "Goodwill and Other Intangible Assets."

Amortization expense for intangible assets was $74.8 million, $58.0 million and $65.9 million for the years ended December 31, 2002, 2001 and 2000, respectively. Aggregate amortization expense with respect to existing intangible assets with finite lives resulting from acquisitions of businesses should approximate $20.0 million annually.

GOODWILL

On January 1, 2002, the Company adopted SFAS No. 142, which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. Accordingly, effective January 1, 2002, the Company discontinued the amortization of goodwill and intangible assets with indefinite lives. The Company completed its transitional impairment test for goodwill and intangible assets with indefinite lives and determined that no impairment exists. Pro forma net income and net income per share for the years ended December 31, 2001 and 2000, adjusted to eliminate historical amortization of goodwill and related tax effects, are as follows:

	2001	2000
	(In thousands, except per share data)	
Reported net income	$208,217	$177,021
Add: goodwill amortization, net of tax	18,439	16,595
Pro forma net income	$226,656	$193,616
Reported net income per share:		
Basic	$1.11	$0.96
Diluted	1.09	0.93
Pro forma net income per share:		
Basic	$1.21	$1.05
Diluted	1.18	1.02

The excess of the purchase price over the estimated fair value of tangible and identifiable intangible assets acquired is recorded as goodwill. The changes in the carrying amount of goodwill by business segment during the year ended December 31, 2002 are as follows:

	Financial Institution Outsourcing, Systems and Services	Securities Processing and Trust Services	All Other and Corporate	Total
		(In thousands)		
Balance, January 1, 2002	$884,417	$107,887	$29,830	$1,022,134
Goodwill additions	267,373	37,629	2,737	307,739
Balance, December 31, 2002	$1,151,790	$145,516	$32,567	$1,329,873

IMPAIRMENT OF LONG-LIVED ASSETS

The Company periodically assesses the likelihood of recovering the cost of long-lived assets based on current and projected operating results and cash flows of the related business operations using undiscounted cash flow analyses. These factors, along with management's plans with respect to the operations, are considered in assessing the recoverability of property and equipment and intangible assets subject to amortization. Measurement of any impairment loss is based on discounted operating cash flows. During 2000, the Company recorded a charge of $11.0 million for impairment of goodwill associated with the consolidation of certain ancillary product lines in the Company's software businesses. This charge was recorded in the Financial institution outsourcing, systems and services segment as additional amortization of intangible assets.

SHORT-TERM BORROWINGS

The Company's securities and trust processing subsidiaries had short-term loans payable of $100.0 million and $112.8 million as of December 31, 2002 and 2001, respectively, with interest at an average rate of 1.9% and 1.8% as of December 31, 2002 and 2001, respectively, and were collateralized by investments and customers' margin account securities.

INCOME TAXES

Deferred income taxes are provided for temporary differences between the Company's income for accounting and tax purposes.

NET INCOME PER SHARE

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

STOCK BASED COMPENSATION

The Company has accounted for its stock based compensation plans in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" (see Note 5).

SHAREHOLDER RIGHTS PLAN

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

ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	2002	2001
	(In thousands)	
Unrealized gains on investments	$ 40,023	$86,780
Unrealized losses on cash flow hedges	(14,712)	(7,969)
Foreign currency translation adjustments	(1,429)	(2,595)
TOTAL	$ 23,882	$76,216

SUPPLEMENTAL CASH FLOW INFORMATION

	2002	2001	2000
		(In thousands)	
Interest paid	$ 17,724	$ 19,469	$ 29,346
Income taxes paid	97,808	117,443	87,633
Liabilities assumed in acquisitions of businesses	29,033	68,833	401,129

RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2002, the Company adopted Emerging Issues Task Force ("EITF") Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for 'Out of Pocket' Expenses Incurred," which requires that customer reimbursements received for direct costs paid to third parties and related expenses be characterized as revenue. Comparative financial statements for 2001 and 2000 have been reclassified to provide consistent presentation. In accordance with EITF No. 01-14, the Company has presented customer reimbursement revenue and expenses of $291.2 million, $262.2 million and $243.4 million for the years ended December 31, 2002, 2001 and 2000, respectively. Customer reimbursements represent direct costs paid to third parties primarily for postage and data communication costs. The adoption of EITF No. 01-14 did not impact the Company's financial position, operating income or net income.

Effective January 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. The impact of adopting this statement did not have a material impact on the consolidated financial statements.

In June 2002, the Financial Accounting Standards Board issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses financial accounting and reporting for costs associated with exit or disposal activities and supersedes EITF No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The Company will adopt SFAS No. 146 on January 1, 2003 and does not anticipate that the adoption of this statement will have a material impact on the consolidated financial statements.

2. Acquisitions

During 2002, 2001 and 2000 the Company completed the following acquisitions of businesses. The results of operations of all of these acquired businesses have been included in the accompanying consolidated statements of income from the dates of acquisition.

Company	Month Acquired	Service	Consideration
2002:			
Case Shiller Weiss, Inc.	May	Lending services	Cash for stock
Investec Ernst & Company's clearing operations	Aug.	Securities clearing services	Cash for assets
Willis Group's TPA operations	Nov.	Insurance data processing	Cash for assets
EDS Corporation's Consumer Network Services business	Dec.	EFT data processing	Cash for assets
Lenders Financial Services	Dec.	Lending services	Cash for stock
2001:			
Benefit Planners	Jan.	Insurance data processing	Cash and stock for stock
Marshall & Ilsley IP services	Feb.	Item processing	Cash for assets
Facilities and Services Corp.	Mar.	Insurance software systems	Cash for stock
Remarketing Services of America, Inc.	Mar.	Automobile leasing services	Cash for stock
EPSIIA Corporation	July	Data processing	Cash for stock
Catapult Technology Limited	July	Software and services	Cash for stock
FHLB of Pittsburgh IP services	Sept.	Item processing	Cash for assets
NCR bank processing operations	Nov.	Data and item processing	Cash for assets
NCSI	Nov.	Insurance data processing	Cash for stock
Integrated Loan Services	Nov.	Lending services	Cash for assets
Trewit Inc.	Nov.	Insurance data processing	Cash and stock for stock
FACT 400 credit card solution	Nov.	Software and services	Cash for assets
2000:			
Patterson Press, Inc.	Jan.	Card services	Cash for stock
Resources Trust Company	May	Data processing for retirement planning	Cash for assets
National Flood Services, Inc.	Sept.	Insurance data processing	Cash for stock

During 2002, the Company completed five acquisitions accounted for as purchases. Net cash paid for these acquisitions was $366.9 million, subject to certain adjustments. Goodwill recorded in conjunction with all of these acquisitions was $290.6 million. Pro forma combined results of operations are not presented, other than in connection with the acquisition of EDS Corporation's Consumer Network Services ("CNS") business as shown below, since the results of operations as reported in the accompanying consolidated statements of income would not be materially different.

On December 5, 2002, the Company acquired CNS for $305.8 million, net of $17.4 million of cash acquired, subject to certain adjustments. The following unaudited pro forma combined information is provided for illustrative purposes only and should not be relied upon as necessarily being indicative of the historical results that would have been obtained if this acquisition had actually occurred during those periods, or the results that may be obtained in the future.

	2002	2001
	(In thousands, except per share data)	
Processing and services revenues	$ 2,417,542	$ 2,105,061
Net income	268,756	214,504
Diluted net income per share—as reported	1.37	1.09
Pro forma diluted net income per share	1.38	1.12

At December 31, 2002, the preliminary purchase price allocation for the CNS acquisition resulted in goodwill of $218.2 million, other intangible assets of $55.9 million, tangible assets of $68.0 million and assumed liabilities of $18.9 million. The amounts allocated to intangible assets are based on preliminary conclusions resulting from an independent appraisal, which includes an analysis of the business and expected future cash flows.

During 2001, the Company completed 12 acquisitions accounted for as purchases. Net cash paid for these acquisitions was $224.8 million, subject to certain adjustments. In addition to cash consideration, the Company issued, in conjunction with two of the acquisitions, approximately 3.1 million unregistered shares of its common stock, valued at approximately $117.0 million. Goodwill recorded in conjunction with the 2001 acquisitions was $285.7 million.

During 2000, the Company completed three acquisitions accounted for as purchases. Net cash paid for these acquisitions was $88.8 million, subject to certain adjustments. Goodwill recorded in conjunction with the 2000 acquisitions was $52.0 million.

The Company may be required to pay additional cash and common stock consideration for acquisitions up to maximum payments of $243.2 million through 2006, if certain of the acquired entities achieve specific escalating operating income targets. During 2002, cash paid as a result of acquired entities achieving their targets was $39.7 million. Any additional consideration paid will be treated as additional purchase price.

3. Long-term debt

The Company has available a $437.0 million unsecured line of credit and commercial paper facility with a group of banks, of which $393.3 million was in use at December 31, 2002, with a weighted average variable interest rate of 2.0%. The credit facilities, which expire in May 2004, consist of a $250.0 million five-year revolving credit facility and a $187.0 million 364-day revolving credit facility which is renewable annually through 2004. There were no significant commitment fees or compensating balance requirements under these facilities. The Company must, among other requirements, maintain a minimum net worth of $662.0 million as of December 31, 2002, maintain a fixed charge coverage ratio of 1.35 to one, and limit its total debt to no more than three and one-half times the Company's earnings before interest, taxes, depreciation and amortization. The Company was in compliance with all debt covenants throughout 2002. As of December 31, 2002, the Company had interest rate swap agreements to fix the interest rates on certain floating rate debt at an average rate approximating 6.75% (based on current bank fees and spreads) for a principal amount of $200.0 million until 2005. The estimated fair value of the interest rate swap agreements is included on the accompanying consolidated balance sheets in accrued expenses.

As of December 31, 2002, the Company has available $35.0 million in additional unsecured lines of credit, of which $25.0 million was in use at an average variable rate of 1.7%.

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

	2002		2001	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(In thousands)			
8.00% senior notes payable, due 2003–2005	$ 38,571	$ 42,068	$ 51,428	$ 56,871
Bank notes and commercial paper, at short-term rates	444,253	444,253	291,665	291,665
Total long-term debt	$ 482,824	$ 486,321	$ 343,093	$ 348,536
Interest rate swap agreements	$ 24,116	$ 24,116	$ 13,062	$ 13,062

Annual principal payments required under the terms of the long-term debt agreements were as follows at December 31, 2002:

	Years ending December 31,
	(In thousands)
2003	$204,087
2004	264,782
2005	13,893
2006	62
TOTAL	$482,824

4. Income taxes

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

	2002	2001	2000
		(In thousands)	
Statutory federal tax rate	35%	35%	35%
Tax computed at statutory rate	$ 152,702	$ 121,460	$ 105,012
State income taxes, net of federal effect	15,712	12,033	11,156
Non-deductible amortization expense	—	4,219	3,887
Other—net	1,739	1,099	2,959
TOTAL	$ 170,153	$ 138,811	$ 123,014

The provision for income taxes consisted of the following:

	2002	2001	2000
		(In thousands)	
Current:			
Federal	$ 116,021	$ 105,081	$ 98,630
State	21,564	18,118	16,295
Foreign	1,763	3,912	3,276
	139,348	127,111	118,201
Deferred:			
Federal	29,386	11,067	5,090
State	2,226	948	388
Foreign	(807)	(315)	(665)
	30,805	11,700	4,813
TOTAL	$ 170,153	$ 138,811	$ 123,014

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

	2002	2001
	(In thousands)	
Purchased incomplete software technology	$ 32,980	$ 37,477
Accrued expenses not currently deductible	28,721	33,671
Deferred revenues	12,218	11,916
Unrealized losses on cash flow hedges	9,405	5,094
Net operating loss carryforwards	6,034	4,323
Other	5,202	5,519
Total deferred tax assets	94,560	98,000
Software development costs for external customers	(36,095)	(31,641)
Excess of tax over book depreciation and amortization	(60,665)	(29,739)
Unrealized gains on investments	(25,573)	(55,467)
Other	(18,354)	(20,560)
Total deferred tax liabilities	(140,687)	(137,407)
TOTAL	$ (46,127)	$ (39,407)

Tax benefits associated with the exercise of non-qualified employee stock options were credited directly to additional paid-in capital and amounted to $31.2 million, $15.0 million and $19.5 million in 2002, 2001 and 2000, respectively.

At December 31, 2002, the Company has state net operating loss carryforwards of $73.4 million, with expiration dates ranging from 2005 through 2022 and foreign net operating loss carryforwards of $4.2 million, with no expiration dates.

5. Employee Benefit Plans

STOCK OPTION PLAN

The Company's Stock Option Plan (the “Plan”) provides for the granting to its employees and directors of either incentive or non-qualified options to purchase shares of the Company's common stock for a price not less than 100% of the fair value of the shares at the date of grant. In general, 20% of the options awarded under the Plan vest annually and expire 10 years from the date of the award. Changes in stock options outstanding are as follows:

	Number of Shares (In thousands)	Weighted Average Exercise Price
Outstanding, December 31, 1999	13,594	$ 11.26
Granted	1,792	21.48
Forfeited	(625)	19.18
Exercised	(2,303)	8.85
Outstanding, December 31, 2000	12,458	12.76
Granted	2,277	36.99
Forfeited	(387)	18.18
Exercised	(1,345)	8.68
Outstanding, December 31, 2001	13,003	17.18
Granted	1,519	41.21
Forfeited	(116)	24.49
Exercised	(2,796)	10.70
Outstanding, December 31, 2002	11,610	$ 21.77

The number of shares under option that were exercisable at December 31, 2002, 2001 and 2000 were 8.1 million, 9.0 million and 8.2 million, at weighted average exercise prices of $16.69, $12.80 and $9.93, respectively. The following summarizes information about the Company's stock options outstanding and exercisable at December 31, 2002:

	Options Outstanding			Options Outstanding and Exercisable	
Range of Exercise Prices	Number of Shares (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Number of Shares (In thousands)	Weighted Average Exercise Price
$3.01—$10.67	3,347	$ 7.86	2.6	3,347	$ 7.86
10.89—20.14	3,185	17.30	5.5	2,784	17.13
20.38—37.04	3,591	30.50	7.7	1,659	29.19
37.21—45.99	1,487	41.59	9.1	303	41.56
$3.01—$45.99	11,610	$ 21.77	5.8	8,093	$ 16.69

At December 31, 2002, options to purchase 8.5 million shares were available for grant under the Plan. The Company has accounted for its stock-based compensation plans in accordance with the intrinsic value provisions of APB Opinion No. 25. Accordingly, the Company did not record any compensation expense in the accompanying consolidated financial statements for its stock-based compensation plans. Had compensation expense been recognized consistent with the fair value provisions of SFAS No.123, “Accounting for Stock-Based Compensation,” the Company’s net income and net income per share—basic and diluted would have been changed to the pro forma amounts indicated below for the years ended December 31:

	2002	2001	2000
	(In thousands, except per share data)		
Net income:			
As reported	$ 266,137	$ 208,217	$ 177,021
Less: stock compensation expense—net of tax	(18,200)	(13,400)	(9,700)
Pro forma	$ 247,937	$ 194,817	$ 167,321
Reported net income per share:			
Basic	$ 1.39	$ 1.11	$ 0.96
Diluted	1.37	1.09	0.93
Pro forma net income per share:			
Basic	$ 1.30	$ 1.04	$ 0.91
Diluted	1.27	1.02	0.88

The fair value of each stock option granted in 2002, 2001 and 2000 was estimated on the date of grant using the Black-Scholes pricing model with the following weighted average assumptions:

	2002	2001	2000
Expected life (in years)	5.0	5.0	5.0
Risk-free interest rate	4.4%	4.6%	5.0%
Volatility	50.0%	49.8%	48.6%
Dividend yield	0.0%	0.0%	0.0%

The weighted-average estimated fair value of stock options granted during the years ended December 31, 2002, 2001 and 2000 was $20.24, $18.02 and $10.72 per share, respectively.

EMPLOYEE STOCK PURCHASE PLAN

The Company’s employee stock purchase plan provides that eligible employees may purchase a limited number of shares of common stock each quarter through payroll deductions, at a purchase price equal to 85% of the closing price of the Company's common stock on the last business day of each calendar quarter. As of January 1, 2003, there were 1.0 million shares available for grant under this plan.

EMPLOYEE SAVINGS PLAN

The Company and its subsidiaries have defined contribution savings plans covering substantially all employees, under which eligible participants may elect to contribute a specified percentage of their salaries, subject to certain limitations. The Company makes matching contributions, subject to certain limitations, and makes discretionary contributions based upon the attainment of certain profit goals. Company contributions vest ratably at 20% for each year of service. Company contributions charged to operations under these plans approximated $41.5 million, $35.3 million and $30.4 million in 2002, 2001 and 2000, respectively.

6. Restructuring and Other Charges

In the second quarter of 2001, the Company recorded $12.3 million of pre-tax charges consisting of severance and related termination benefits ($3.8 million), future lease and other contractual obligations ($6.2 million), and the disposal and write-down of assets ($2.3 million). These charges related to management’s plan to improve overall business efficiencies by consolidating the Company’s securities processing operations and eliminating duplicate operational functions. At December 31, 2002 and 2001, approximately $3.4 million and $6.2 million, respectively, of future lease and other obligations were yet to be incurred.

7. Leases, other commitments and contingencies

LEASES

The Company leases certain office facilities and equipment under operating leases. Future minimum rental payments on operating leases with initial noncancellable lease terms in excess of one year were due as follows as of December 31, 2002:

	Years Ending December 31,
	(In thousands)
2003	$ 86,304
2004	74,617
2005	61,214
2006	47,852
2007	33,958
Thereafter	69,263
TOTAL	$ 373,208

Rent expense applicable to all operating leases was approximately $99.7 million, $87.1 million and $83.1 million during the years ended December 31, 2002, 2001 and 2000, respectively.

OTHER COMMITMENTS AND CONTINGENCIES

The Company's trust administration subsidiaries had fiduciary responsibility for the administration of approximately $26.0 billion in trust funds as of December 31, 2002. The Company’s securities processing subsidiaries are subject to the Uniform Net Capital Rule of the Securities and Exchange Commission. At December 31, 2002, the aggregate net capital of such subsidiaries was $86.7 million, exceeding the net capital requirement by $68.3 million.

In the normal course of business, the Company and its subsidiaries are named as defendants in various lawsuits in which claims are asserted against the Company. The Company has initiated legal action against E*TRADE Securities, Inc. (“E*TRADE”) as the result of E*TRADE refusing to accept delivery of a bond (with a carrying value of $27.0 million as of December 31, 2002) in violation of the terms of a contract between E*TRADE and a subsidiary of the Company. The Company intends to vigorously enforce its rights under the terms of its agreement with E*TRADE and expects to prevail and recover the carrying value of the bond. In the opinion of management, the liabilities, if any, which may ultimately result from such lawsuits are not expected to have a material adverse effect on the consolidated financial statements of the Company.

8. Business Segment Information

The Company is a leading independent provider of data processing systems and related information management services and products to financial institutions and other financial intermediaries. The Company has three business segments based on the services provided by each: Financial institution outsourcing, systems and services; Securities processing and trust services; and All other and corporate. The Financial institution outsourcing, systems and services segment provides account and transaction processing solutions and services to financial institutions and other financial intermediaries. The Securities processing and trust services segment provides securities processing solutions and retirement plan administration services to brokerage firms, financial planners and financial institutions. The All other and corporate segment provides plastic card services and document solutions, and includes general corporate expenses. The plastic card and document solutions businesses provide plastic card issuance services, card design, personalization and mailing, along with electronic document delivery and print-related solutions.

Summarized financial information by business segment for each of the three years ended December 31 is as follows:

	Financial Institution Outsourcing, Systems and Services	Securities Processing and Trust Services	All Other and Corporate	Total
		(In thousands)		
2002				
Processing and services revenues	$ 1,956,449	$ 228,201	$ 92,992	$ 2,277,642
Operating income	418,824	28,839	(4,624)	443,039
Identifiable assets	2,100,894	4,071,403	266,408	6,438,705
Capital expenditures, including capitalization of software development costs for external customers	125,637	12,306	3,937	141,880
Depreciation and amortization expense	113,658	22,127	5,329	141,114
2001				
Processing and services revenues	$ 1,581,216	$ 259,437	$ 86,377	$ 1,927,030
Operating income	322,073	34,793	(3,169)	353,697
Identifiable assets	1,655,071	3,410,914	256,257	5,322,242
Capital expenditures, including capitalization of software development costs for external customers	91,034	10,092	3,483	104,609
Depreciation and amortization expense	115,829	25,004	6,863	147,696
2000				
Processing and services revenues	$ 1,276,254	$ 325,839	$ 83,690	$ 1,685,783
Operating income	220,619	95,441	(1,754)	314,306
Identifiable assets	1,185,819	4,160,939	239,562	5,586,320
Capital expenditures, including capitalization of software development costs for external customers	89,235	13,628	4,124	106,987
Depreciation and amortization expense	120,050	21,370	7,422	148,842

The Company’s domestic operations comprised approximately 95%, 92% and 93% of processing and services revenues for the years ended December 31, 2002, 2001 and 2000, respectively. No single customer accounted for more than 3% of consolidated processing and services revenues during the years ended December 31, 2002, 2001 and 2000.

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

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

Except for the historical information contained herein, the matters discussed in this Annual Report are forward-looking statements which involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, services and related products, prices and other factors discussed in the Company's prior filings with the Securities and Exchange Commission. Since these statements are subject to risks and uncertainties and are subject to change at any time, actual results could differ materially from expected results. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

CRITICAL ACCOUNTING POLICIES

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

The Company has identified that its accounting policy regarding intangible assets and goodwill is critical to the Company's results of operations and financial position. The Company has reviewed the carrying value of goodwill and other intangible assets in connection with the implementation of SFAS No. 142 by comparing such amounts to their fair values. The Company determined that the carrying amounts of goodwill and other intangible assets did not exceed their respective fair values. The Company is required to perform this comparison at least annually or more frequently if circumstances indicate possible impairment. When determining fair value, the Company uses various assumptions, including projections of future cash flows. Given the significance of goodwill and other intangible asset balances, an adverse change to the fair value could result in an impairment charge, which could be material to the Company's financial statements.

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

MARKET RISK

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

The Company's trust administration subsidiaries accept money market account deposits from trust customers and invest those funds in marketable securities. Substantially all of the investments are rated within the highest investment grade categories for securities. The Company's trust administration subsidiaries utilize simulation models for measuring and monitoring interest rate risk and market value of portfolio equities. A formal Asset Liability Committee of the Company meets quarterly to review interest rate risks, capital ratios, liquidity levels, portfolio diversification, credit risk ratings and adherence to investment policies and guidelines. Substantially all of the investments at December 31, 2002, have contractual maturities of one year or less except for government agency and certain fixed income mortgage backed obligations, which have an average duration of approximately one year and six months. The Company does not believe any significant change in interest rates would have a material impact on the consolidated financial statements.

The Company manages its debt structure and interest rate risk through the use of fixed and floating-rate debt and through the use of interest rate swaps. The Company uses interest rate swaps to partially hedge its exposure to interest rate changes, and to control its financing costs. Generally, under these swaps, the Company agrees with a counterparty to exchange the difference between fixed-rate and floating-rate interest amounts based on an agreed principal amount. While changes in interest rates could decrease the Company's interest income or increase its interest expense, the Company does not believe that it has a material exposure to changes in interest rates, primarily due to $200.0 million of fixed interest rate swap agreements in place at December 31, 2002. Based on the Company's current borrowings under its credit and commercial paper facility of $393.3 million, a 1% increase in the Company's borrowing rate would increase annual interest expense related to the credit facility by $1.9 million. Based on the controls in place, management believes the risks associated with financial instruments at December 31, 2002, will not have a material effect on the Company's consolidated financial position or results of operations.

RESULTS OF OPERATIONS

The Company is a leading independent provider of financial data processing systems and related information management services and products to financial institutions and other financial intermediaries. The Company's operations have been classified into three business segments: Financial institution outsourcing, systems and services ("FIS"); Securities processing and trust services; and All other and corporate. The following table sets forth, for the period indicated, certain amounts included in the Company's consolidated statements of income, the relative percentage that those amounts represent to processing and services revenues, and the percentage change in those amounts from period to period. This information should be read along with the Consolidated Financial Statements and Notes thereto. The following table and discussion exclude the revenues and expenses associated with customer reimbursements recorded in accordance with EITF No. 01-14 as explained in Note 1 of the accompanying consolidated financial statements.

	Year ended December 31, (In millions)			Percent of revenue Year ended December 31,			Percent Increase (Decrease)	
	2002	2001	2000	2002	2001	2000	2002 vs. 2001	2001 vs. 2000
Processing and services revenues:								
Financial institution outsourcing, systems and services	$1,956.4	$1,581.2	$1,276.3	86%	82%	76%	24%	24%
Securities processing and trust services	228.2	259.4	325.8	10%	13%	19%	(12%)	(20%)
All other and corporate	93.0	86.4	83.7	4%	5%	5%	8%	3%
TOTAL	$2,277.6	$1,927.0	$1,685.8	100%	100%	100%	18%	14%
Cost of revenues:								
Salaries, commissions and payroll related costs	$1,090.3	$ 936.2	$ 807.6	48%	49%	48%	16%	16%
Data processing costs and equipment rentals	165.3	148.5	132.5	7%	8%	8%	11%	12%
Other operating expenses	437.9	340.9	282.6	19%	18%	17%	28%	21%
Depreciation and amortization	141.1	147.7	148.8	6%	8%	9%	(4%)	(1%)
TOTAL	$1,834.6	$1,573.3	$1,371.5	81%	82%	81%	17%	15%
Operating income:								
Financial institution outsourcing, systems and services (1)	$ 418.8	$ 322.1	$ 220.6	21%	20%	17%	30%	46%
Securities processing and trust services (1)	28.8	34.8	95.4	13%	13%	29%	(17%)	(64%)
All other and corporate (2)	(4.6)	(3.2)	(1.8)					
TOTAL	$ 443.0	$ 353.7	$ 314.3	19%	18%	19%	25%	13%

(1) Percent of segment revenues is calculated as a percent of FIS revenues and Securities processing and trust services revenues.
(2) Percents not meaningful, amounts include corporate expenses.

PROCESSING AND SERVICES REVENUES

Total processing and services revenues increased $350.6 million, or 18%, in 2002 and $241.2 million, or 14%, in 2001. Revenue growth was derived from sales to new clients, existing client growth, cross-sales to existing clients, price increases and revenues from acquired companies. Revenue growth was positively impacted by revenue growth of $375.2 million in 2002 and $305.0 million in 2001 in the FIS segment. The FIS segment's revenue growth in 2002 was negatively impacted by a decrease in European revenue of $36.0 million in 2002 compared to 2001 related to the Company's international banking system primarily due to reduced customer spending on professional services. In addition, total revenue growth was negatively impacted by a decline in revenues of $31.2 million in 2002 and $66.4 million in 2001 in the Securities processing and trust services segment due to continued weakness in the United States retail financial markets. The internal revenue growth rate for the Company was approximately 4% in 2002 (excluding a business disposition and a $12.0 million customer termination fee in 2001).

COST OF REVENUES

Total cost of revenues increased $261.3 million, or 17%, in 2002 and $201.9 million, or 15%, in 2001. As a percent of processing and services revenues, cost of revenues were 81% in 2002, 82% in 2001 and 81% in 2000.

Cost of revenues, excluding depreciation and amortization, increased $267.9 million, or 19%, in 2002 and $203.0 million, or 17% in 2001. The increases in these cost of revenues is due primarily to acquired businesses and continued growth in the FIS segment. The make up of cost of revenues each year has been affected by business acquisitions and changes in the mix of the Company's business. In 2001, the Company recorded charges of $12.3 million, as explained in Note 6 of the accompanying consolidated financial statements.

Depreciation and amortization expense decreased $6.6 million in 2002 and $1.1 million in 2001. The decrease in 2002 was primarily attributable to the adoption of SFAS No. 142 that resulted in a reduction of goodwill amortization expense of approximately $24.0 million in 2002, offset primarily by incremental depreciation and amortization expense from capital expenditures and other intangible assets subject to amortization. The decrease in 2001 was primarily due to an impairment charge of $11.0 million recorded in the FIS segment in 2000, offset by amortization associated with acquisitions and incremental depreciation expense on capital expenditures.

OPERATING INCOME

Operating income increased $89.3 million, or 25%, in 2002 and $39.4 million, or 13%, in 2001. Operating income in the FIS segment increased $96.8 million in 2002 and $101.5 million in 2001. The increase in operating income in 2002 compared to 2001 in the FIS segment was due to a number of factors, including revenue growth across its business lines, acquisitions and the elimination of goodwill amortization of approximately $20.0 million. Operating income in the Securities processing and trust services segment decreased $6.0 million in 2002 and $60.6 million in 2001, primarily due to continued weakness in the United States retail financial markets.

REALIZED GAIN FROM SALE OF INVESTMENT

During 2002, 2001 and 2000, the Company recorded a pre-tax realized gain from sale of investment of $2.4 milion, $5.4 million and $7.8 million, respectively.

INCOME TAX PROVISION

The effective income tax rate was 39% in 2002, 40% in 2001 and 41% in 2000. The effective income tax rate for 2002 declined from 2001 due to the impact of adopting SFAS No. 142. The income tax rate for 2003 is expected to remain at 39%.

NET INCOME

Net income for 2002 increased $57.9 million, or 28%, in 2002 and $31.2 million, or 18%, in 2001. Net income per share-diluted (excluding realized gain from sale of investment) for 2002 was $1.36 compared to $1.07 in 2001 and $0.91 in 2000. The impact of adopting SFAS No. 142 would have increased 2001 and 2000 net income per share-diluted (excluding realized gain from sale of investment) by approximately $0.09 per share each year due to the elimination of goodwill amortization.

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

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company’s primary sources (uses) of funds during the years ended December 31:

	2002	2001	2000
		(In millions)	
Cash provided by operating activities before changes in securities processing receivables and payables—net	$ 512.9	$ 363.7	$ 368.8
Securities processing receivables and payables—net	63.9	78.4	215.7
Cash provided by operating activities	576.8	442.1	584.5
Capital expenditures	(141.9)	(104.6)	(107.0)
Payment for acquisitions of businesses	(406.6)	(224.8)	(88.8)
(Repayments of) proceeds from short-term borrowings—net	(12.3)	93.1	(214.6)
Proceeds from (repayments of) long-term debt—net	139.6	(6.3)	(138.9)
TOTAL	$ 155.6	$ 199.4	$ 35.2

Cash flow from operations before securities processing receivables and payables increased 41% in 2002, reaching $512.9 million. At December 31, 2002, the Company had $482.8 million of long-term debt, while shareholders’ equity exceeded $1.8 billion. Long-term debt includes $393.3 million borrowed under the Company’s credit and commercial paper facility of which $143.3 million is payable under a 364-day agreement in 2003 and $250.0 million is payable in 2004 or earlier at the Company’s option. The Company expects to renew its 364-day agreement prior to expiration in the second quarter of 2003. At December 31, 2002, cash and cash equivalents were $227.2 million, an increase of $91.2 million from December 31, 2001, after spending $406.6 million on acquired businesses in 2002.

At December 31, 2002, the Company’s remaining commitments consist primarily of operating leases for office facilities and equipment aggregating $373.2 million, of which $86.3 million will be incurred in 2003. The Company believes that its cash flow from operations together with other available sources of funds will be adequate to meet its operating requirements, debt repayments, contingent payments in connection with business acquisitions and ordinary capital spending needs. At December 31, 2002, the Company had $53.7 million available for borrowing and $227.2 million in cash and cash equivalents. In the event that the Company makes significant future acquisitions, however, it may raise funds through additional borrowings or the issuance of securities.

The Company’s current policy is to retain earnings to support future business opportunities, rather than to pay dividends. During 1999, the Company’s Board of Directors authorized the repurchase of up to 4.9 million shares of the Company’s common stock. Shares purchased under the authorization will be made through open market transactions that may occur from time to time as market conditions warrant. Shares acquired will be held for issuance in connection with acquisitions and employee stock option and purchase plans. As of December 31, 2002, approximately 1.7 million shares remained available under the repurchase authorization.

Selected Financial Data

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

	Years ended December 31,				
	2002	2001	2000	1999	1998
	(In thousands, except per share data)				
Processing and services revenues	$2,277,642	$ 1,927,030	$ 1,685,783	$ 1,407,545	$ 1,233,670
Income before income taxes	436,290	347,028	300,035	233,675	193,684
Income tax provision	170,153	138,811	123,014	95,807	79,410
Net income	266,137	208,217	177,021	137,868	114,274
Net income per share:					
Basic	1.39	1.11	0.96	0.75	0.62
Diluted	1.37	1.09	0.93	0.73	0.60
Diluted (excluding realized gain from sale of investment)	1.36	1.07	0.91	0.73	0.60
Total assets	$6,438,705	$ 5,322,242	$ 5,586,320	$ 5,307,710	$ 3,958,338
Long-term debt	482,824	343,093	334,958	472,824	389,622
Shareholders’ equity	1,827,669	1,604,826	1,252,072	1,091,016	885,797

MARKET PRICE INFORMATION

The following information relates to the closing price of the Company’s common stock, which is traded on the Nasdaq Stock Market under the symbol FISV. Information has been adjusted to recognize the three-for-two stock split effective August 2001.

	2002		2001	
Quarter Ended	High	Low	High	Low
March 31	$46.60	$39.88	$38.00	$29.58
June 30	46.08	35.16	42.65	30.29
September 30	39.25	28.08	42.12	32.72
December 31	35.04	22.60	44.39	31.93

At December 31, 2002, the Company’s common stock was held by 9,729 shareholders of record. It is estimated that an additional 38,000 shareholders own the Company’s stock through nominee or street name accounts with brokers. The closing sale price for the Company’s stock on January 23, 2003, was $32.68 per share.

QUARTERLY FINANCIAL INFORMATION (Unaudited)

	Quarters				
	First	Second	Third	Fourth	Total
	(In thousands, except per share data)				
2002					
Processing and services revenues	$559,824	$563,032	$563,663	$591,123	$2,277,642
Cost of revenues	451,310	452,167	453,840	477,286	1,834,603
Operating income	108,514	110,865	109,823	113,837	443,039
Interest expense—net	(2,687)	(2,178)	(1,804)	(2,500)	(9,169)
Realized gain from sale of investment	915	567	426	512	2,420
Income before income taxes	106,742	109,254	108,445	111,849	436,290
Income tax provision	41,629	42,609	42,294	43,621	170,153
Net income	$ 65,113	$ 66,645	$ 66,151	$ 68,228	$ 266,137
Net income per share:					
Basic	$ 0.34	$ 0.35	$ 0.34	$ 0.36	$ 1.39
Diluted	$ 0.33	$ 0.34	$ 0.34	$ 0.35	$ 1.37
Diluted (excluding realized gain from sale of investment)	$ 0.33	$ 0.34	$ 0.34	$ 0.35	$ 1.36
2001					
Processing and services revenues	$462,163	$481,355	$476,102	$507,410	$1,927,030
Cost of revenues	375,558	392,976	386,887	417,912	1,573,333
Operating income	86,605	88,379	89,215	89,498	353,697
Interest expense—net	(3,817)	(3,237)	(2,501)	(2,518)	(12,073)
Realized gain from sale of investment	1,821	1,506	1,000	1,077	5,404
Income before income taxes	84,609	86,648	87,714	88,057	347,028
Income tax provision	33,844	34,659	35,085	35,223	138,811
Net income	$ 50,765	$ 51,989	$ 52,629	$ 52,834	$ 208,217
Net income per share:					
Basic	$ 0.27	$ 0.28	$ 0.28	$ 0.28	$ 1.11
Diluted	$ 0.27	$ 0.27	$ 0.27	$ 0.27	$ 1.09
Diluted (excluding realized gain from sale of investment)	$ 0.26	$ 0.27	$ 0.27	$ 0.27	$ 1.07

Note: The above information excludes the revenues and expenses associated with customer reimbursements recorded in accordance with EITF No. 01-14.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The management of Fiserv, Inc. assumes responsibility for the integrity and objectivity of the information appearing in the 2002 Annual Report. This information was prepared in conformity with accounting principles generally accepted in the United States of America and necessarily reflects the best estimates and judgment of management.

To provide reasonable assurance that transactions authorized by management are recorded and reported properly and that assets are safeguarded, the Company maintains a system of internal controls. The concept of reasonable assurance implies that the cost of such a system is weighed against the benefits to be derived therefrom.

The control environment is complemented by the Company's internal audit function, which evaluates the adequacy of the controls, policies and procedures in place, as well as adherence to them, and recommends improvements for implementation when applicable. In addition, Deloitte & Touche LLP, certified public accountants, audits the consolidated financial statements of the Company in accordance with auditing standards generally accepted in the United States of America. Their audits include a review of the internal control system, and improvements are made to the system based upon their recommendations.

The Audit Committee ensures that management and the independent auditors are properly discharging their financial reporting responsibilities. In performing this function, the Committee meets with management and the independent auditors throughout the year. Additional access to the Committee is provided to Deloitte & Touche LLP on an unrestricted basis, allowing discussion of audit results and opinions on the adequacy of internal accounting controls and the quality of financial reporting.

/s/ Leslie M. Muma

Leslie M. Muma
President and Chief Executive Officer

INDEPENDENT AUDITORS' REPORT
SHAREHOLDERS AND DIRECTORS OF FISERV, INC.

We have audited the accompanying consolidated balance sheets of Fiserv, Inc. and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Fiserv, Inc. and subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

As described on Note 1 to the consolidated financial statements, on January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

/S/ Deloitte & Touche LLP
Deloitte & Touche LLP
Milwaukee, Wisconsin
January 24, 2003

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Name under which Subsidiary does Business	State (Country) of Incorporation
The Affinity Group, Inc.	Colorado
Agio Insurance Agency, Inc.	Montana
Aspen Investment Alliance, Inc.	Colorado
Benefit Control Management, LLC	Texas
Benefit Planners Limited, L.L.P.	Texas
Benesight Insurance Agency of Massachusetts, Inc.	Delaware
Benesight, Inc.	Delaware
Benesight.com, Incorporated	Delaware
BHC Investments, Inc.	Delaware
BHCM Insurance Agency, Inc.	Delaware
BP, Inc.	Delaware
Catapult Technology Limited	England
Cusick Enterprises Limited, L.L.P.	Texas
Cusick Management, LLC	Texas
Data-Chain Solutions, Inc.	Delaware
Data-Link Systems, LLC	Wisconsin
Employee Benefit Services, Inc.	Louisiana
EPSIIA Corporation	Texas
F.T. Agency, Inc.	Ohio
First Trust Corporation	Colorado
Fiserv (ASPAC) Pte. Ltd.	Singapore
Fiserv (Europe) Ltd.	England
Fiserv Argentina S.R.L.	Argentina
Fiserv Australia Pty. Limited	Australia
Fiserv BP, Inc.	Wisconsin
Fiserv BPI, Inc.	Texas
Fiserv CIR, Inc.	Delaware
Fiserv Clearing, Inc.	Delaware
Fiserv Colombia Limitada	Colombia
Fiserv Connecticut Sub, Inc.	Connecticut
Fiserv CSW, Inc.	Massachusetts
Fiserv DC, Inc.	Wisconsin
Fiserv Execution Services, Inc.	Delaware
Fiserv FSC, Inc.	California
Fiserv Federal Systems, Inc.	Delaware
FIserv Fresno, Inc.	California
Fiserv Health, Inc.	Delaware
Fiserv Insurance Agency of Alabama, Inc.	Alabama
Fiserv Investor Services, Inc.	Delaware
Fiserv International (Barbados) Limited	Barbados
Fiserv LeMans, Inc.	Pennsylvania
Fiserv Mercosur, Inc.	Delaware

EXHIBIT 21 ***(continued)***

SUBSIDIARIES OF THE REGISTRANT

Name under which Subsidiary does Business	State (Country) of Incorporation
Fiserv NCSI, Inc.	Maryland
Fiserv Polska Sp. z.o.o.	Poland
Fiserv San Juan, Inc.	Puerto Rico
Fiserv Securities, Inc.	Delaware
Fiserv Solutions of Canada Inc.	Ontario
Fiserv Solutions, Inc.	Wisconsin
The Freedom Group, Inc.	Iowa
Harrington Benefit Services, Inc.	Delaware
HEC Newbridge Insurance Services, Inc.	Texas
ILS Title Agency, LLC	Delaware
ILS Services, LLC	Delaware
Information Technology, Inc.	Nebraska
ITI of Nebraska, Inc.	Nebraska
J.O. One, Ltd.	Texas
Lenders Financial Services, LLC	California
LFS Realty, Inc.	California
Lincoln Trust Company	Colorado
National Flood Services, Inc.	Montana
Precision Direct, Inc.	Washington
Preferred Health Arrangement Limited, LLP	Texas
PT Fiserv Indonesia	Indonesia
Remarketing Services of America, Inc.	Delaware
REH Agency, Inc.	Ohio
RemitStream Solutions, LLC	Delaware
RL Reserve, Inc.	Colorado
Sheridan Re	Cayman Islands
Specialty Insurance Service	California
Tower Agency, Inc.	Ohio
TradeStar Investments, Inc.	Delaware
Trust Industrial Bank	Colorado
USERS Incorporated	Maryland
XP Systems Corporation	Minnesota

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 333-64353, 333-04417, 333-28121, 333-34310 and 333-34396 on Form S-8; Registration Statement No. 333-44935 on Form S-4, and Registration Statement No. 333-74910 on Form S-3 of Fiserv, Inc. of our reports dated January 24, 2003 (which report expresses an unqualified opinion and includes an explanatory paragraph as to the adoption in 2002 of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets"), appearing in and incorporated by reference in this Annual Report on Form 10-K of Fiserv, Inc. for the year ended December 31, 2002.

/S/ Deloitte & Touche LLP
Deloitte & Touche LLP
Milwaukee, Wisconsin
February 28, 2003

EXHIBIT 99.1

WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned President and Chief Executive Officer of Fiserv, Inc. (the "Company"), hereby certify that the Annual Report on Form 10-K of the Company for the year ended December 31, 2002, (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2003

By: /S/ Leslie M. Muma

Leslie M. Muma
President and Chief Executive Officer

EXHIBIT 99.2

WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Senior Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of Fiserv, Inc. (the “Company”), hereby certify that the Annual Report on Form 10-K of the Company for the year ended December 31, 2002, (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2003

By: /S/ Kenneth R. Jensen

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