

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, 2001  
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  
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(Title of Class)

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

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

Preferred Stock Purchase Rights  
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(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 [X] 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. [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of January 31, 2002: \$8,087,000,000

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of January 31, 2002: 190,545,290

DOCUMENTS INCORPORATED BY REFERENCE:

2001 Annual Report to Shareholders - Parts II, IV

Proxy Statement for March 28, 2002, Annual Meeting of Shareholders - Part III

Fiserv, Inc. and Subsidiaries

Form 10-K

December 31, 2001

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PART I  
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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 technology resource for information management systems used by the financial industry. The Company was formed on July 31, 1984, through the combination of two major regional data processing firms located in Milwaukee, Wisconsin, and Tampa, Florida. These firms--First Data Processing of Milwaukee and Sunshine State Systems of Tampa--began their operations in 1964 and 1971, respectively, as the data processing operations of their parent financial institutions. Historically, operations were expanded by developing a range of services for these parent organizations as well as other financial institutions. Since its organization in 1984, Fiserv has grown through the continuing development of highly specialized services and product enhancements, the addition of new clients and the acquisition of firms complementing the Fiserv organization.

Headquartered in Brookfield, Wisconsin, Fiserv provides information management technology and related services to banks, broker-dealers, credit unions, financial planners and investment advisers, insurance agents and companies, 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, Colombia, Indonesia, the Philippines, Poland, Singapore and the United Kingdom.

Business Strategy  
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The market for products and services offered by financial institutions continues to undergo change. New alternative lending and investment products are being introduced and implemented by the financial industry 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; and 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, such consolidations have 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.

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To stay competitive in this changing marketplace, financial institutions are finding they must aggressively meet the growing needs of their customers for 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 management believes that the financial services industry is one of the largest users of data processing products and services.

Moreover, Fiserv expects that the 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, the means by which financial institutions obtain data processing services have changed. 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 simply the licensing of software, thereby eliminating the costly technical expertise within the 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 and to become the premier provider of data processing products and related services, 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.

Acquisition History  
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<TABLE>  
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Formed	Acquired	Company	Service
<S>	<C>	<C>	<C>
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

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<TABLE>  
<CAPTION>

Formed	Acquired	Company	Service
<S>	<C>	<C>	<C>
1967	Nov. 1988	Valley Federal Data Services, Los Angeles, CA	Data processing
1984	Dec. 1988	Northeast Savings Data Services, Hartford, CT	Data processing
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	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

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<TABLE>  
<CAPTION>

Formed	Acquired	Company	Service
<S>	<C>	<C>	<C>
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
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 & Ilesley 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

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Formed	Acquired	Company	Service
<S>	<C>	<C>	<C>
1940	Nov. 2001	Integrated Loan Services, Rocky Hill, CT	Loan services
1954	Nov. 2001	Trewit Inc., Minneapolis, MN	Insurance data processing
n/a	Nov. 2001	FACT 400 credit card solution, Bogota, Colombia	Software and services

</TABLE>

#### Information Technology Services

Fiserv is a technology company focused on helping financial services providers meet the challenges and opportunities of today's dynamic financial marketplace. 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 clients can satisfy their customers' growing desire for anywhere, anytime financial services. The Company's operations have been classified into three business segments: Financial institution outsourcing, systems and services; Securities processing and trust services; and All other and corporate. 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 advisors and financial institutions. The All other and corporate business segment provides plastic card services and document solutions, and includes general corporate expenses. The following discussion covers the two major operating segments:

Financial Institution Outsourcing, Systems and Services. Account

processing is a core requirement of every financial institution. It's also vital to the operations of brokerage firms and insurance companies. No matter how the industry may consolidate and evolve, Fiserv expects that the need for account processing will always remain. That's where Fiserv is positioned--as a leader in financial information management.

Fiserv provides comprehensive solutions designed to meet the information processing requirements of financial institutions, including account and transaction processing services, item processing, loan servicing and lending systems. The Company offers its clients service bureau and in-house processing systems, e-commerce solutions and complementary products. In essence, Fiserv provides all the technology a bank, credit union, mortgage lender, savings or financing institution needs to run its operations--from deposit accounts to loans to general ledger to check processing.

Fiserv products, services and software solutions are available through multiple delivery channels to financial institutions in the United States, and many of its systems have applications designed for the unique requirements of financial institutions operating outside of North America. Fiserv international teams develop, sell, install and support core banking and delivery channel integration solutions for a wide range of international banks and financial services companies located in over 65 countries.

All Fiserv core systems can be complemented with a number of other products that allow clients to create a total servicing solution, depending on their requirements. 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/data mining and credit services.

The insurance industry, like banking, has requirements for basic administration services and information processing systems. Fiserv brings expertise in information management technology and related administration processing services to the insurance and banking industries. The products and solutions offered by the Company automate the full range of insurance services.

Fiserv insurance solutions include administration services and software for life, annuity, health insurance, property & casualty, flood and workers compensation; award-winning claims workstation software; comprehensive 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.

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Securities Processing and Trust Services. The securities business is about transactions and volume; advanced technology that makes executing and clearing trades faster, easier and more economical; and service excellence and customer satisfaction. Fiserv has accumulated the technology resources and industry knowledge required to meet the needs of brokerage firms and financial institutions that are expanding into this business.

The Company provides comprehensive clearing, execution and brokerage services. With Fiserv, brokerage firms and financial institutions gain a technology resource with the volumes, management expertise, products and service necessary to help satisfy customer needs.

The administration of self-directed retirement plans is also a highly specialized business that benefits, as do all financial services applications, from technology. Fiserv has built a trusted reputation in this field by applying its expertise to technology for administration of business and self-directed retirement plans and related services.

The Fiserv Trust Services Group is a leading provider of retirement plan products and back-office services to financial advisors.

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

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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 demand for service excellence. Through its multiple product offerings, the Company successfully services these market needs 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. The Company differs from many of the account and transaction processing resources currently available since it isn't a regional or local cooperatively owned organization, nor a data processing subsidiary, an affiliate of a financial institution or a hardware vendor. 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 industry.

The Company believes this independence and primary focus on the financial industry helps its business development and related client service and product support teams remain responsive to the technology needs of its market, now and for the future.

"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 retain Fiserv 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.

Fiserv has been an international company since 1986, when its retail banking products were first launched throughout Europe, Asia and Latin America. Since then, the Company has grown an impressive infrastructure for supporting clients in international markets. Fiserv currently maintains international support staffs in Argentina, Australia, Colombia, Indonesia, the Philippines, Poland, Singapore and the United Kingdom.

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#### Product Development

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In order to meet the changing technology needs of the clients served by Fiserv, the Company continually develops, maintains and enhances its systems. Resources applied to product development and maintenance are believed to be approximately 8% to 10% of Company revenues, about half of which is dedicated to software development.

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 the 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.

Though multiple Fiserv 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 unique to its client base. Where 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/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

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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. Certain 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.

Government Regulation  
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The Company's data processing subsidiaries are not themselves directly subject to federal or state regulations specifically applicable to financial institutions such as banks, thrifts and credit unions. As a provider of services to these entities, however, the data processing operations are observed from time to time 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, several of the Company's operations are reviewed annually by independent auditors to provide internal control evaluations for its clients' auditors and regulators.

As trust companies under Colorado law, First Trust, Lincoln Trust, Resources Trust and Trust Industrial Bank are subject to the regulations of the Colorado Division of Banking. First Trust, Lincoln

Trust, Resources Trust and Trust Industrial Bank historically have complied with such regulations and although no assurance can be given, the Company believes First Trust, Lincoln Trust, Resources Trust and Trust Industrial Bank will continue to be able to comply with such regulations. Commencing in 1991, First Trust received approval of its application for Federal Deposit Insurance Corporation coverage of its customer deposits.

The Company's securities business, Fiserv Securities, Inc. (formerly BHC Financial, Inc., Hanifen, Imhoff Clearing Corporation and JWGenesis Clearing Corporation), 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  
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Fiserv employs approximately 18,200 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, 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, they 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.

Management 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.

Item 2. Properties

Fiserv currently operates full-service data centers, software system development centers, and item processing and back-office support centers in 164 cities (153 in the United States): Birmingham, Alabama; Phoenix and Scottsdale, Arizona; Agoura Hills, Diamond Bar, Foster City, Fresno, Marina del Rey,



Moorpark, Novato, Oakland, Ontario, Orange, Redwood Shores, Sacramento, San Diego, San Leandro, Torrance, Van Nuys and Walnut, California; Denver, Englewood, Greenwood Village and Pueblo, Colorado; East Hartford, Fairfield, Glastonbury, North Haven, Rocky Hill, Wallingford and Windsor, Connecticut; Deerfield Beach, Jacksonville, Lake Mary, Lake Wales, Maitland, Melbourne, Miami, Miami Lakes, Orlando, Plantation, Tampa and Titusville, Florida; Atlanta, Duluth, Macon, Marietta and Norcross, Georgia; Honolulu, Hawaii; Cedar Rapids and West Des Moines, Iowa; Arlington Heights, Chicago, Des Plaines, Marion, Naperville, Mt. Prospect, Rock Island, Rockford and Schaumburg, Illinois; Indianapolis and South Bend, Indiana; Topeka, Kansas; Bowling Green and Louisville, Kentucky; Kenner and Shreveport, Louisiana; Bangor and Scarborough, Maine; Columbia, Gaithersburg, and Rockville, Maryland; Auburn, Braintree, Charlestown, Framingham, Mansfield, Quincy and Somerville, Massachusetts; Flint, Northville and Troy, Michigan; Brooklyn Center, Eagan, Edina, Mendota Heights,

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Minnetonka, Shoreview and Wayzata, Minnesota; Kansas City and St. Louis, Missouri; Kalispell, Montana; Lincoln and Omaha, Nebraska; New Providence, Secaucus and South Plainfield, New Jersey; Santa Fe, New Mexico; Amherst, Fayetteville, New Hartford, New York, Utica and White Plains, New York; Chapel Hill and Greensboro, North Carolina; Fargo, North Dakota; Cleveland, Dayton, Milford, Westerville and Youngstown, Ohio; Duncan and Oklahoma City, Oklahoma; Corvallis and Portland, Oregon; Bryn Mawr, Conshohocken, Erie, Malvern, Norristown, King of Prussia, Philadelphia, Pittsburgh, Valley Forge and Williamsport, Pennsylvania; Newberry, South Carolina; Brentwood and Nashville, Tennessee; Addison, Arlington, Austin, Boerne, Beaumont, Dallas, Houston, Irving, San Antonio, South Lake and Stafford, Texas; Salt Lake City and Taylorsville, Utah; Norfolk and Williamsburg, Virginia; Bellevue, Kent, Lynnwood and Seattle, Washington; Brookfield, Milwaukee, New Berlin, Sheboygan and Waukesha, Wisconsin. International business centers are located in Buenos Aires, Argentina; North Sydney, New South Wales, Australia; Bogota, Colombia; London, Slough (Berkshire) and Uxbridge (Middlesex), England; Jakarta, Indonesia; Manila, Philippines; Warsaw, Poland; and Singapore, Singapore.

The Company owns facilities in Brookfield, Columbia, Corvallis, Glastonbury, Greensboro, Kalispell, Lincoln, Marion, Moorpark, South Bend and Valley Forge; all other buildings in which centers are located are subject to leases expiring through 2003 and beyond. The Company owns or leases approximately 170 mainframe computers (Compaq Alpha, Data General, Hewlett Packard, IBM, NCR, SUN, 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. 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.

### 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 and other officers of the Company as of February 26, 2002, together with their ages, positions and business experience are described below:

Name	Age	Position
Leslie M. Muma	57	President and Chief Executive Officer
Donald F. Dillon	61	Chairman of the Board and Chairman of Information Technology, Inc.
Kenneth R. Jensen	58	Senior Executive Vice President, Chief Financial Officer and Treasurer

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Norman J. Balthasar	55	President and Chief Operating Officer,
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Robert H. Beriault	50	Financial Institution Group President and Chief Operating Officer, Securities Group
Michael D. Gantt	50	President and Chief Operating Officer, Insurance Solutions Group
Thomas A. Neill	52	President and Chief Operating Officer, Credit Union and Industry Products Group
Gordon G. Rockafellow	65	President and Chief Operating Officer, Trust Services Group
Dean C. Schmelzer	51	Executive Vice President - Marketing & Sales
Charles W. Sprague	52	Executive Vice President, General Counsel, Chief Administrative Officer and Secretary

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

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 was acquired by the Company in 1995. Mr. Dillon also serves as Chairman of ITI.

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

Mr. Balthasar was named President and Chief Operating Officer of the Fiserv Financial Institution Group in 2000. 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 its predecessor company since 1974.

Mr. Beriault was named President and Chief Operating Officer of the Fiserv Securities Group in 1999. 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 was acquired by the Company in 1995.

Mr. Gantt was named President and Chief Operating Officer of the Fiserv Insurance Solutions Group in 2001. He joined Fiserv in 2000 and served as Executive Vice President and Chief Operating Officer of the Group. Prior to joining Fiserv, he was Senior Vice President and Group Manager for PMSC's (Policy Management Systems Corporation) Claims and Risk Management Group.

Mr. Neill was named President and Chief Operating Officer of the Fiserv Credit Union and Industry Products Group in 2000. He served as President of the Products & Services Division and Group President of the Industry Products and Services Group from 1993 to 2000.

Mr. Rockafellow was named President and Chief Operating Officer of the Fiserv Trust Services Group in 1999. He has served as Corporate Executive Vice President and President-Trust Group since 1998. Mr. Rockafellow was the President and CEO of First Trust Corporation from 1982 to 1985, when it was acquired by the Company, and served in that capacity until 1999.

Mr. Schmelzer was named Corporate Executive Vice President, Marketing & Sales for the Company in 1992. 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 under Item 201 of Regulation S-K is incorporated by reference to the information pertaining thereto set forth under the caption "Quarterly Financial Information" in the Company's 2001 Annual Report to Shareholders (the "Annual Report").

In connection with the Company's acquisition of Trewit Inc. on November

30, 2001, the Company issued 2,721,615 shares of its common stock to the shareholders of Trewit. In connection with the Company's acquisition of Benefit Planners, Ltd., L.L.P. on January 2, 2001, the Company issued 330,155 shares of its common stock, as adjusted to reflect a three-for-two stock split effective in August 2001, to the shareholders of Benefit Planners. For each of these transactions, the Company relied on the exemption from registration under Section 4(2) of the Securities Act of 1933, based upon the number and sophistication of recipients of the shares, their positions and the aggregate value of the transactions. No underwriter was involved in any of these transactions.

Item 6. Selected Financial Information

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 Factors" 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.

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PART III  
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Item 10. Directors and Executive Officers

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 2002 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

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.

Item 13. Certain Relationships and Related Transactions

Not applicable.

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PART IV  
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Item 14. 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, 2001 and 2000 and for each of the three years in the period ended December 31, 2001, together with the report thereon of Deloitte & Touche LLP, dated January 25, 2002, appear on pages 23 through 44 of the Company's Annual Report to Shareholders and Exhibit 13 to this Form 10-K Annual Report, and are incorporated herein by reference.

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(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:

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	----
Independent Auditors' Report	15
Schedule II-Valuation and Qualifying Accounts	15

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, 2001.

(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 26, 2002  
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 26, 2002.

<TABLE>  
<CAPTION>  
Signature  
<S>

Capacity  
<C>

/s/ Leslie M. Muma  
-----  
Leslie M. Muma Director, President and Chief Executive Officer

/s/ Donald F. Dillon  
-----  
Donald F. Dillon Chairman of the Board,  
Chairman-Information Technology, Inc.

/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	
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Thekla R. Shackelford	Director

</TABLE>

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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, 2001 and 2000, and for each of the three years in the period ended December 31, 2001, and have issued our report thereon dated January 25, 2002; such consolidated financial statements and report are included in your 2001 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 14. 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 25, 2002

SCHEDULE II  
Valuation and Qualifying Accounts

Allowance for Doubtful Accounts

<TABLE>  
<CAPTION>

Year Ended December 31, -----	Beginning Balance -----	Charged to Expense -----	Write-offs -----	Balance -----
<S>	<C>	<C>	<C>	<C>
2001	\$16,001,000	\$1,101,000	(\$2,399,000)	\$14,703,000
2000	11,606,000	6,803,000	(2,408,000)	16,001,000
1999	8,041,000	7,028,000	(3,463,000)	11,606,000

</TABLE>

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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 and Kenneth R. Jensen.
- 10.4 Form of Key Executive Employment and Severance Agreement, between Fiserv, Inc. and each of Norman J. Balthasar, Robert H. Beriault, Michael D. Gantt, Thomas A. Neill, Gordon G. Rockafellow, Dean C. Schmelzer and Charles W. Sprague.
- 13 2001 Annual Report to Shareholders (to the extent incorporated by reference herein).
- 21 List of Subsidiaries of the Registrant.
- 23 Independent Auditors' Consent.

KEY EXECUTIVE EMPLOYMENT AND SEVERANCE AGREEMENT

THIS AGREEMENT, made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2001, by and between Fiserv, Inc., a Wisconsin corporation (hereinafter referred to as the "Company"), and \_\_\_\_\_ (hereinafter referred to as the "Executive").

W I T N E S S E T H

WHEREAS, the Executive is employed by the Company and/or a subsidiary of the Company (hereinafter referred to collectively as the "Employer") in a key executive capacity and the Executive's services are valuable to the conduct of the business of the Company;

WHEREAS, the Company desires to continue to attract and retain dedicated and skilled management employees in a period of industry consolidation, consistent with achieving the best possible value for its shareholders in any change in control of the Company;

WHEREAS, the Company recognizes that circumstances may arise in which a change in control of the Company occurs, through acquisition or otherwise, thereby causing a potential conflict of interest between the Company's needs for the Executive to remain focused on the Company's business and for the necessary continuity in management prior to and following a change in control, and the Executive's reasonable personal concerns regarding future employment with the Employer and economic protection in the event of loss of employment as a consequence of a change in control;

WHEREAS, the Company and the Executive are desirous that any proposal for a change in control or acquisition of the Company will be considered by the Executive objectively and with reference only to the best interests of the Company and its shareholders;

WHEREAS, the Executive will be in a better position to consider the Company's best interests if the Executive is afforded reasonable economic security, as provided in this Agreement, against altered conditions of employment which could result from any such change in control or acquisition;

WHEREAS, the Executive possesses intimate knowledge of the business and affairs of the Company and has acquired certain confidential information and data with respect to the Company; and

WHEREAS, the Company desires to insure, insofar as possible, that it will continue to have the benefit of the Executive's services and to protect its confidential information and goodwill.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto mutually covenant and agree as follows:

1. Definitions.

(a) Accrued Benefits. The term "Accrued Benefits" shall include the

following amounts, payable as described herein: (i) all base salary for the time period ending with the Termination Date; (ii) reimbursement for any and all monies advanced in connection with the Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Employer for the time period ending with the Termination Date; (iii) any and all other cash earned through the Termination Date and deferred at the election of the Executive or pursuant to any deferred compensation plan then in effect; (iv) notwithstanding any provision of any bonus or incentive compensation plan applicable to the Executive, a lump sum amount, in cash, equal to the sum of (A) any bonus or incentive compensation that has been allocated or awarded to the Executive for a fiscal year or other measuring period under the plan that ends prior to the Termination Date but has not yet been paid (pursuant to Section

5(f) or otherwise) and (B) a pro rata portion to the Termination Date of the

aggregate value of all contingent bonus or incentive compensation awards to the Executive for all uncompleted periods under the plan calculated as to each such award as if the Goals with respect to such bonus or incentive compensation award had been attained; and (v) all other payments and benefits to which the Executive (or in the event of the Executive's death, the Executive's surviving spouse or other beneficiary) may be entitled on the Termination Date as compensatory fringe benefits or under the terms of any benefit plan of the Employer, excluding severance payments under any Employer severance policy, practice or agreement in effect on the Termination Date. Payment of Accrued

Benefits shall be made promptly in accordance with the Company's prevailing practice with respect to clauses (i) and (ii) or, with respect to clauses (iii), (iv) and (v), pursuant to the terms of the benefit plan or practice establishing such benefits.

(b) Act. The term "Act" means the Securities Exchange Act of 1934, as amended.

(c) Affiliate and Associate. The terms "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Act.

(d) Annual Cash Compensation. The term "Annual Cash Compensation" shall mean the sum of (i) the Executive's Annual Base Salary (determined as of the time of the Change in Control of the Company or, if higher, immediately prior to the date the Notice of Termination is given) plus (ii) an amount equal to (A) if the Executive has been employed by the Company for three or more years prior to the Change in Control of the Company, the highest annual incentive bonus the Executive received for any of the three fiscal years prior to the Change in Control of the Company, or (B) if the Executive has not been employed by the Company for three or more years prior to the Change in Control of the Company, the greater of (x) 60% of the Executive's Annual Base Salary as of the time of the Change in Control of the Company or (y) the highest annual incentive bonus the Executive received for any of the two fiscal years prior to the Change in Control of the Company in which the Executive was employed by the Company (the aggregate amount set forth in clause (i) and clause (ii) shall hereafter be referred to as the "Annual Cash Compensation").

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(e) Beneficial Owner. A Person shall be deemed to be the "Beneficial Owner" of any securities:

(i) which such Person or any of such Person's Affiliates or Associates has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, (A) securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase, or (B) securities issuable upon exercise of Rights issued pursuant to the terms of the Company's Shareholder Rights Agreement, dated as of February 24, 1998, between the Company and Equiserve Limited Partnership, as amended from time to time (or any successor to such Rights Agreement), at any time before the issuance of such securities;

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Act), including pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security under this clause (ii) as a result of an agreement, arrangement or understanding to vote such security if the agreement, arrangement or understanding: (A) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations under the Act and (B) is not also then reportable on a Schedule 13D under the Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in clause (ii) above) or disposing of any voting securities of the Company.

(f) Cause. "Cause" for termination by the Employer of the Executive's employment in connection with a Change in Control of the Company shall be limited to (i) the engaging by the Executive in intentional conduct not taken in good faith that the Company establishes, by clear and convincing evidence, has



caused demonstrable and serious financial injury to the Employer, as evidenced by a determination in a binding and final judgment, order or decree of a court or administrative agency of competent jurisdiction, in effect after exhaustion or lapse of all rights of appeal, in an action, suit or proceeding, whether civil, criminal, administrative or investigative; (ii) conviction of a felony (as evidenced by binding and final judgment, order or decree of a court of competent jurisdiction, in effect after exhaustion of all rights of appeal), which substantially impairs the Executive's ability to perform his duties or responsibilities; or

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(iii) continuing willful and unreasonable refusal by the Executive to perform the Executive's duties or responsibilities (unless significantly changed without the Executive's consent).

(g) Change in Control of the Company. A "Change in Control of the

Company" shall be deemed to have occurred if an event set forth in any one of the following paragraphs shall have occurred:

(i) any Person (other than (A) the Company or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under any employee benefit plan of the Company or any of its subsidiaries, (C) an underwriter temporarily holding securities pursuant to an offering of such securities or (D) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company ("Excluded Persons")) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after November 14, 2001, pursuant to express authorization by the Board that refers to this exception) representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors of the Company then serving: (A) individuals who, on November 14, 2001 constituted the Board and (B) any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on November 14, 2001, or whose appointment, election or nomination for election was previously so approved (collectively the "Continuing Directors"); provided, however, that individuals who are appointed to the Board pursuant to or in accordance with the terms of an agreement relating to a merger, consolidation, or share exchange involving the Company (or any direct or indirect subsidiary of the Company) shall not be Continuing Directors for purposes of this Agreement until after such individuals are first nominated for election by a vote of at least two-thirds (2/3) of the then Continuing Directors and are thereafter elected as directors by the shareholders of the Company at a meeting of shareholders held following consummation of such merger, consolidation, or share exchange; and, provided further, that in the event the failure of any such persons appointed to the Board to be Continuing Directors results in a Change in Control of the Company, the subsequent qualification of such persons as Continuing Directors shall not alter the fact that a Change in Control of the Company occurred; or

(iii) the shareholders of the Company approve a merger, consolidation or share exchange of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a

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merger, consolidation or share exchange of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (A) a merger, consolidation or share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or share exchange continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger, consolidation or share exchange, or (B) a merger, consolidation or share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than an Excluded Person) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the

securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after November 14, 2001, pursuant to express authorization by the Board that refers to this exception) representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(iv) the shareholders of the Company approve of a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (in one transaction or a series of related transactions within any period of 24 consecutive months), other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, no "Change in Control of the Company" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to own, directly or indirectly, in the same proportions as their ownership in the Company, an entity that owns all or substantially all of the assets or voting securities of the Company immediately following such transaction or series of transactions.

(h) Code. The term "Code" means the Internal Revenue Code of 1986,

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including any amendments thereto or successor tax codes thereof.

(i) Covered Termination. Subject to Section 2(b), the term "Covered

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Termination" means any termination of the Executive's employment during the Employment Period where the Termination Date, or the date Notice of Termination is delivered, is any date prior to the end of the Employment Period.

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(j) Employment Period. Subject to Section 2(b), the term "Employment

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Period" means a period commencing on the date of a Change in Control of the Company, and ending at 11:59 p.m. Central Time on the third anniversary of such date.

(k) Good Reason. The Executive shall have "Good Reason" for

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termination of employment in connection with a Change in Control of the Company in the event of:

(i) any breach of this Agreement by the Employer, including specifically any breach by the Employer of the agreements contained in Section 3(b), Section 4, Section 5, or Section 6, other than an isolated

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insubstantial and inadvertent failure not occurring in bad faith that the Employer remedies promptly after receipt of notice thereof given by the Executive;

(ii) any reduction in the Executive's base salary, percentage of base salary available as incentive compensation or bonus opportunity or benefits, in each case relative to those most favorable to the Executive in effect at any time during the 180-day period prior to the Change in Control of the Company or, to the extent more favorable to the Executive, those in effect at any time during the Employment Period;

(iii) the removal of the Executive from, or any failure to reelect or reappoint the Executive to, any of the positions held with the Employer on the date of the Change in Control of the Company or any other positions with the Employer to which the Executive shall thereafter be elected, appointed or assigned, except in the event that such removal or failure to reelect or reappoint relates to the termination by the Employer of the Executive's employment for Cause or by reason of disability pursuant to Section 12;

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(iv) a good faith determination by the Executive that there has been a material adverse change, without the Executive's written consent, in the Executive's working conditions or status with the Employer relative to the most favorable working conditions or status in effect during the 180-day period prior to the Change in Control of the Company, or, to the extent more favorable to the Executive, those in effect at any time during the Employment Period, including but not limited to (A) a significant change in the nature or scope of the Executive's authority, powers, functions, duties or responsibilities, or (B) a significant reduction in the level of support services, staff, secretarial and other assistance,

office space and accoutrements, but in each case excluding for this purpose an isolated, insubstantial and inadvertent event not occurring in bad faith that the Employer remedies within ten (10) days after receipt of notice thereof given by the Executive;

(v) the relocation of the Executive's principal place of employment to a location more than 35 miles from the Executive's principal place of employment on the date 180 days prior to the Change in Control of the Company;

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(vi) the Employer requires the Executive to travel on Employer business 20% in excess of the average number of days per month the Executive was required to travel during the 180-day period prior to the Change in Control of the Company;

(vii) failure by the Company to obtain the Agreement referred to in Section 17(a) as provided therein; or

(viii) any voluntary termination of employment by the Executive where the Notice of Termination is delivered during the six months following the first six months after the Change in Control of the Company.

(l) Person. The term "Person" shall mean any individual, firm, partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity, or a group of any of the foregoing acting in concert.

(m) Termination Date. Except as otherwise provided in Section 2(b), Section 10(b), and Section 17(a), the term "Termination Date" means (i) if the Executive's employment is terminated by the Executive's death, the date of death; (ii) if the Executive's employment is terminated by reason of voluntary early retirement, as agreed in writing by the Employer and the Executive, the date of such early retirement which is set forth in such written agreement; (iii) if the Executive's employment is terminated for purposes of this Agreement by reason of disability pursuant to Section 12, the earlier of thirty days after the Notice of Termination is given or one day prior to the end of the Employment Period; (iv) if the Executive's employment is terminated by the Executive voluntarily (other than for Good Reason), the date the Notice of Termination is given; and (v) if the Executive's employment is terminated by the Employer (other than by reason of disability pursuant to Section 12) or by the Executive for Good Reason, the earlier of thirty days after the Notice of Termination is given or one day prior to the end of the Employment Period. Notwithstanding the foregoing,

(A) If termination is for Cause pursuant to Section 1(f) (iii) and if the Executive has cured the conduct constituting such Cause as described by the Employer in its Notice of Termination within such thirty-day or shorter period, then the Executive's employment hereunder shall continue as if the Employer had not delivered its Notice of Termination.

(B) If the Executive shall in good faith give a Notice of Termination for Good Reason and the Employer notifies the Executive that a dispute exists concerning the termination within the fifteen-day period following receipt thereof, then the Executive may elect to continue his or her employment during such dispute and the Termination Date shall be determined under this paragraph. If the Executive so elects and it is thereafter determined that Good Reason did exist, the Termination Date shall be the earliest of (1) the date on which the dispute is finally determined, either (x) by mutual written agreement of the parties or (y) in accordance with Section 22, (2) the date of the Executive's death or (3) one day prior to the end of the Employment Period. If the Executive so elects and it is thereafter determined that Good Reason did not exist, then the employment

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of the Executive hereunder shall continue after such determination as if the Executive had not delivered the Notice of Termination asserting Good Reason and there shall be no Termination Date arising out of such Notice. In either case, this Agreement continues, until the Termination Date, if any, as if the Executive had not delivered the Notice of Termination except that, if it is finally determined that Good Reason did exist, the Executive shall in no case be denied the benefits described in Section 9 (including a

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Termination Payment) based on events occurring after the Executive delivered his Notice of Termination.

(C) Except as provided in Section 1(m) (B), if the party receiving

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the Notice of Termination notifies the other party that a dispute exists concerning the termination within the appropriate period following receipt thereof and it is finally determined that the reason asserted in such Notice of Termination did not exist, then (1) if such Notice was delivered by the Executive, the Executive will be deemed to have voluntarily terminated his employment and the Termination Date shall be the earlier of the date fifteen days after the Notice of Termination is given or one day prior to the end of the Employment Period and (2) if delivered by the Company, the Company will be deemed to have terminated the Executive other than by reason of death, disability or Cause.

2. Termination or Cancellation Prior to Change in Control.  
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(a) Subject to Section 2(b), the Employer and the Executive shall

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each retain the right to terminate the employment of the Executive at any time prior to a Change in Control of the Company. Subject to Section 2(b), in the event the Executive's employment is terminated prior to a Change in Control of the Company, this Agreement shall be terminated and cancelled and of no further force and effect, and any and all rights and obligations of the parties hereunder shall cease.

(b) Anything in this Agreement to the contrary notwithstanding, if a Change in Control of the Company occurs and if the Executive's employment with the Employer is terminated (other than a termination due to the Executive's death or as a result of the Executive's disability) during the period of 180 days prior to the date on which the Change in Control of the Company occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control of the Company or (ii) otherwise arose in connection with or in anticipation of a Change in Control of the Company, then for all purposes of this Agreement such termination of employment shall be deemed a "Covered Termination," "Notice of Termination" shall be deemed to have been given, and the "Employment Period" shall be deemed to have begun on the date of such termination which shall be deemed to be the "Termination Date" and the date of the Change of Control of the Company for purposes of this Agreement.

3. Employment Period; Vesting of Certain Benefits.  
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(a) If a Change in Control of the Company occurs when the Executive is employed by the Employer, the Employer will continue thereafter to employ the Executive during the Employment Period, and the Executive will remain in the employ of the Employer in

-8-

accordance with and subject to the terms and provisions of this Agreement. Any termination of the Executive's employment during the Employment Period, whether by the Company or the Employer, shall be deemed a termination by the Company for purposes of this Agreement.

(b) If a Change in Control of the Company occurs when the Executive is employed by the Employer, (i) the Company shall cause all restrictions on restricted stock awards made to the Executive prior to the Change in Control of the Company to lapse such that the Executive is fully and immediately vested in the Executive's restricted stock upon such a Change in Control of the Company; and (ii) the Company shall cause all stock options granted to the Executive prior to the Change in Control of the Company pursuant to the Company's stock option plan(s) to be fully and immediately vested upon such a Change in Control of the Company.

4. Duties. During the Employment Period, the Executive shall, in the

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same capacities and positions held by the Executive at the time of the Change in Control of the Company or in such other capacities and positions as may be agreed to by the Employer and the Executive in writing, devote the Executive's best efforts and all of the Executive's business time, attention and skill to the business and affairs of the Employer, as such business and affairs now exist and as they may hereafter be conducted; provided, however, that the Executive shall be entitled (a) to serve as director of other corporations and (b) to devote time to personal and financial activities, in each case so long as such activities do not materially affect the Executive's ability to perform the Executive's duties hereunder.

5. Compensation. During the Employment Period, the Executive shall be

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compensated as follows:

(a) The Executive shall receive, at reasonable intervals (but not less often than monthly) and in accordance with such standard policies as may be in effect immediately prior to the Change in Control of the Company, an annual base salary in cash equivalent of not less than twelve times the Executive's highest monthly base salary for the twelve-month period immediately preceding the month in which the Change in Control of the Company occurs or, if higher, an annual base salary at the rate in effect immediately prior to the Change in Control of the Company (which base salary shall, unless otherwise agreed in writing by the Executive, include the current receipt by the Executive of any amounts which, prior to the Change in Control of the Company, the Executive had elected to defer, whether such compensation is deferred under Section 401(k) of the Code or otherwise), subject to adjustment as hereinafter provided in Section 6 (such

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salary amount as adjusted upward from time to time is hereafter referred to as the "Annual Base Salary").

(b) The Executive shall receive fringe benefits at least equal in value to the highest value of such benefits provided for the Executive at any time during the 180-day period immediately prior to the Change in Control of the Company or, if more favorable to the Executive, those provided generally at any time during the Employment Period to any executives of the Employer of comparable status and position to the Executive; and shall be reimbursed, at such intervals and in accordance with such standard policies that are most favorable to the Executive that were in effect at any time during the 180-day period immediately prior to the Change in Control of the Company, for any and all monies advanced in connection with the Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Employer, including travel expenses.

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(c) The Executive and/or the Executive's family, as the case may be, shall be included, to the extent eligible thereunder (which eligibility shall not be conditioned on the Executive's salary grade or on any other requirement which excludes persons of comparable status to the Executive unless such exclusion was in effect for such plan or an equivalent plan at any time during the 180-day period immediately prior to the Change in Control of the Company), in any and all plans providing benefits for the Employer's salaried employees in general, including but not limited to group life insurance, hospitalization, medical, dental, profit sharing and stock bonus plans; provided, that, (i) in no event shall the aggregate level of benefits under such plans in which the Executive is included be less than the aggregate level of benefits under plans of the Employer of the type referred to in this Section 5(c) in which the

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Executive was participating at any time during the 180-day period immediately prior to the Change in Control of the Company and (ii) in no event shall the aggregate level of benefits under such plans be less than the aggregate level of benefits under plans of the type referred to in this Section 5(c) provided at

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any time after the Change in Control of the Company to any executive of the Employer of comparable status and position to the Executive.

(d) The Executive shall annually be entitled to not less than the amount of paid vacation and not fewer than the highest number of paid holidays to which the Executive was entitled annually at any time during the 180-day period immediately prior to the Change in Control of the Company or such greater amount of paid vacation and number of paid holidays as may be made available annually to other executives of the Employer of comparable status and position to the Executive at any time during the Employment Period.

(e) The Executive shall be included in all plans providing additional benefits to executives of the Employer of comparable status and position to the Executive, including but not limited to deferred compensation, split-dollar life insurance, supplemental retirement, stock option, stock appreciation, stock bonus and similar or comparable plans; provided, that, (i) in no event shall the aggregate level of benefits under such plans be less than the highest aggregate level of benefits under plans of the Employer of the type referred to in this Section 5(e) in which the Executive was participating at any time during the

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180-day period immediately prior to the Change in Control of the Company; (ii) in no event shall the aggregate level of benefits under such plans be less than the aggregate levels of benefits under plans of the type referred to in this Section 5(e) provided at any time after the Change in Control of the Company to

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any executive of the Employer comparable in status and position to the Executive; and (iii) the Employer's obligation to include the Executive in bonus or incentive compensation plans shall be determined by Section 5(f).

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(f) To assure that the Executive will have an opportunity to earn

incentive compensation after a Change in Control of the Company, the Executive shall be included in a bonus plan of the Employer which shall satisfy the standards described below (such plan, the "Bonus Plan"). Bonuses under the Bonus Plan shall be payable with respect to achieving such financial or other goals reasonably related to the business of the Employer as the Employer shall establish (the "Goals"), all of which Goals shall be attainable, prior to the end of the Employment Period, with approximately the same degree of probability as the most attainable goals under the Employer's bonus plan or plans as in effect at any time during the 180-day period immediately prior to the Change in Control of the Company (whether one or more, the "Company Bonus Plan") and in view of the Employer's existing and projected financial and business circumstances applicable at the time. The amount of the bonus (the "Bonus Amount") that the Executive is

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eligible to earn under the Bonus Plan shall be no less than the amount of the Executive's maximum award provided in such Company Bonus Plan (such bonus amount herein referred to as the "Targeted Bonus"), and in the event the Goals are not achieved such that the entire Targeted Bonus is not payable, the Bonus Plan shall provide for a payment of a Bonus Amount equal to a portion of the Targeted Bonus reasonably related to that portion of the Goals which were achieved. Payment of the Bonus Amount shall not be affected by any circumstance occurring subsequent to the end of the Employment Period, including termination of the Executive's employment.

6. Annual Compensation Adjustments. During the Employment Period,

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the Board of Directors of the Company (or an appropriate committee thereof) will consider and appraise, at least annually, the contributions of the Executive to the Company, and in accordance with the Company's practice prior to the Change in Control of the Company, due consideration shall be given to the upward adjustment of the Executive's Annual Base Salary, at least annually, (a) commensurate with increases generally given to other executives of the Company of comparable status and position to the Executive, and (b) as the scope of the Company's operations or the Executive's duties expand.

7. Termination For Cause or Without Good Reason. If there is a

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Covered Termination for Cause or due to the Executive's voluntarily terminating his or her employment other than for Good Reason (any such terminations to be subject to the procedures set forth in Section 13), then the Executive shall be  
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entitled to receive only Accrued Benefits.

8. Termination Giving Rise to a Termination Payment. If there is a

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Covered Termination by the Executive for Good Reason, or by the Company other than by reason of (i) death, (ii) disability pursuant to Section 12, or (iii)  
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Cause (any such terminations to be subject to the procedures set forth in Section 13), then the Executive shall be entitled to receive, and the Company  
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shall promptly pay, Accrued Benefits and, in lieu of further base salary for periods following the Termination Date, as liquidated damages and additional severance pay and in consideration of the covenant of the Executive set forth in Section 14(a), the Termination Payment pursuant to Section 9(a).  
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9. Payments Upon Termination.

(a) Termination Payment.

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(i) Subject to Section 9(a)(ii), the "Termination Payment" shall  
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be an amount equal to the Annual Cash Compensation times two (2). The Termination Payment shall be paid to the Executive in cash equivalent ten (10) business days after the Termination Date. Such lump sum payment shall not be reduced by any present value or similar factor, and the Executive shall not be required to mitigate the amount of the Termination Payment by securing other employment or otherwise, nor will such Termination Payment be reduced by reason of the Executive securing other employment or for any other reason. The Termination Payment shall be in lieu of, and acceptance by the Executive of the Termination Payment shall constitute the Executive's release of any rights of the Executive to, any other cash severance payments under any Company severance policy, practice or agreement.

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(ii) Notwithstanding any other provision of this Agreement, if any

portion of the Termination Payment or any other payment under this Agreement, or under any other agreement with or plan of the Employer (in the aggregate, "Total Payments"), would constitute an "excess parachute payment," then the Executive shall have the option to have the Total Payments to be made to the Executive reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be One Dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed under Section 4999 of the Code (or any successor provision). For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to them in Section 280G of the Code (or any successor provision) and such "parachute payments" shall be valued as provided therein. Present value for purposes of this Agreement shall be calculated in accordance with Section 1274(b)(2) of the Code (or any successor provision). Within forty days following a Covered Termination or notice by one party to the other of its belief that there is a payment or benefit due the Executive that will result in an "excess parachute payment" as defined in Section 280G of the Code (or any successor provision), the Executive and the Company, at the Company's expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel ("National Tax Counsel") selected by the Company's independent auditors and reasonably acceptable to the Executive (which may be regular outside counsel to the Company), which opinion sets forth (A) the amount of the Base Period Income, (B) the amount and present value of Total Payments, (C) the amount and present value of any excess parachute payments determined without regard to any reduction of Total Payments pursuant to this Section 9(a) (ii)

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and (D) the net after-tax proceeds to the Executive, taking into account the tax imposed under Section 4999 of the Code if (x) the Total Payments were reduced in accordance with the first sentence of this Section 9(a) (ii)

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or (y) the Total Payments were not so reduced. As used in this Agreement, the term "Base Period Income" means an amount equal to the Executive's "annualized includable compensation for the base period" as defined in Section 280G(d)(1) of the Code. For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Section 280G(d)(3) and (4) of the Code (or any successor provisions), which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Executive. The opinion of National Tax Counsel shall be addressed to the Company and the Executive and shall be binding upon the Company and the Executive. If such National Tax Counsel opinion determines that there would be an excess parachute payment, then, at the Executive's option, then, at the Executive's sole discretion, the Termination Payment hereunder or any other payment or benefit determined by such counsel to be includable in Total Payments may be reduced or eliminated as specified by the Executive in writing delivered to the Company within thirty days of his receipt of such opinion so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such National Tax Counsel so requests in connection with the opinion required by this Section 9(a), the Executive and the

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Company shall obtain, at the Company's expense, and the National Tax Counsel may rely on, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Executive solely with respect to its status under Section 280G of the Code and the regulations thereunder.

(iii) The Company agrees to bear all costs associated with, and to indemnify and hold harmless, the National Tax Counsel of and from any and all claims, damages, and expenses resulting from or relating to its determinations pursuant to this Section 9(a), except for claims, damages or

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expenses resulting from the gross negligence or willful misconduct of such firm.

(b) Additional Benefits. If there is a Covered Termination and the

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Executive is entitled to Accrued Benefits and the Termination Payment, then the Company shall provide to the Executive the following additional benefits:

(i) The Executive shall receive, at the expense of the Company, outplacement services, on an individualized basis at a level of service commensurate with the Executive's status with the Company immediately prior to the date of the Change in Control of the Company (or, if higher, immediately prior to the termination of the Executive's employment), provided by a nationally recognized executive placement firm selected by the Company; provided that the cost to the Company of such services shall not exceed 10% of the Executive's Annual Base Salary.

(ii) Until the earlier of the end of the Employment Period or

such time as the Executive has obtained new employment and is covered by benefits which in the aggregate are at least equal in value to the following benefits, the Executive shall continue to be covered, at the expense of the Company, by the same or equivalent life insurance, hospitalization, medical and dental coverage as was required hereunder with respect to the Executive immediately prior to the date the Notice of Termination is given.

(iii) The Company shall reimburse the Executive for up to \$15,000 in the aggregate of fees and expenses of consultants and/or legal or accounting advisors engaged by the Executive to advise the Executive as to matters relating to the computation of benefits due and payable under this Section 9.

(iv) The Company shall cause all performance plan awards granted to the Executive pursuant to any long-term incentive plan maintained by the Company to be paid out at target, as if all performance requirements had been satisfied, on a pro rata basis based on the completed portion of each award cycle.

10. Death.

(a) Except as provided in Section 10(b), in the event of a Covered Termination due to the Executive's death, the Executive's estate, heirs and beneficiaries shall receive all the Executive's Accrued Benefits through the Termination Date.

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(b) In the event the Executive dies after a Notice of Termination is given (i) by the Company or (ii) by the Executive for Good Reason, the Executive's estate, heirs and beneficiaries shall be entitled to the benefits described in Section 10(a) and, subject to the provisions of this Agreement, to

such Termination Payment as the Executive would have been entitled to had the Executive lived. For purposes of this Section 10(b), the Termination Date shall be the earlier of thirty days following the giving of the Notice of Termination, subject to extension pursuant to Section 1(m), or one day prior to the end of the Employment Period.

11. Retirement. If, during the Employment Period, the Executive and the Employer shall execute an agreement providing for the early retirement of the Executive from the Employer, or the Executive shall otherwise give notice that he is voluntarily choosing to retire early from the Employer, the Executive shall receive Accrued Benefits through the Termination Date; provided, that if the Executive's employment is terminated by the Executive for Good Reason or by the Company other than by reason of death, disability or Cause and the Executive also, in connection with such termination, elects voluntary early retirement, the Executive shall also be entitled to receive a Termination Payment pursuant to Section 8.

12. Termination for Disability. If, during the Employment Period, as a result of the Executive's disability due to physical or mental illness or injury (regardless of whether such illness or injury is job-related), the Executive shall have been absent from the Executive's duties hereunder on a full-time basis for a period of six consecutive months and, within thirty days after the Company notifies the Executive in writing that it intends to terminate the Executive's employment (which notice shall not constitute the Notice of Termination contemplated below), the Executive shall not have returned to the performance of the Executive's duties hereunder on a full-time basis, the Company may terminate the Executive's employment for purposes of this Agreement pursuant to a Notice of Termination given in accordance with Section 13. If the Executive's employment is terminated on account of the Executive's disability in accordance with this Section, the Executive shall receive Accrued Benefits through the Termination Date and shall remain eligible for all benefits provided by any long term disability programs of the Company in effect at the time of such termination.

13. Termination Notice and Procedure. Any Covered Termination by the Company or the Executive (other than a termination of the Executive's employment that is a Covered Termination by virtue of Section 2(b)) shall be communicated by a written notice of termination ("Notice of Termination") to the Executive, if such Notice is given by the Company, and to the Company, if such Notice is



given by the Executive, all in accordance with the following procedures and those set forth in Section 23:

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(a) If such termination is for disability, Cause or Good Reason, the Notice of Termination shall indicate in reasonable detail the facts and circumstances alleged to provide a basis for such termination.

(b) Any Notice of Termination by the Company shall have been approved, prior to the giving thereof to the Executive, by a resolution duly adopted by a majority of the directors of the Company (or any successor corporation) then in office.

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(c) If the Notice is given by the Executive for Good Reason, the Executive may cease performing his duties hereunder on or after the date fifteen days after the delivery of Notice of Termination and shall in any event cease employment on the Termination Date. If the Notice is given by the Company, then the Executive may cease performing his duties hereunder on the date of receipt of the Notice of Termination, subject to the Executive's rights hereunder.

(d) The Executive shall have thirty days, or such longer period as the Company may determine to be appropriate, to cure any conduct or act, if curable, alleged to provide grounds for termination of the Executive's employment for Cause under this Agreement pursuant to Section 1(f) (iii).

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(e) The recipient of any Notice of Termination shall personally deliver or mail in accordance with Section 23 written notice of any dispute

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relating to such Notice of Termination to the party giving such Notice within fifteen days after receipt thereof; provided, however, that if the Executive's conduct or act alleged to provide grounds for termination by the Company for Cause is curable, then such period shall be thirty days. After the expiration of such period, the contents of the Notice of Termination shall become final and not subject to dispute.

#### 14. Further Obligations of the Executive.

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(a) Competition. The Executive agrees that, in the event of any

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Covered Termination where the Executive is entitled to Accrued Benefits and the Termination Payment, the Executive shall not, for a period expiring six months after the Termination Date, without the prior written approval of the Company's Board of Directors, participate in the management of, be employed by or own any business enterprise at a location within the United States that engages in substantial competition with the Company or its subsidiaries, where such enterprise's revenues from any competitive activities amount to 10% or more of such enterprise's net revenues and sales for its most recently completed fiscal year; provided, however, that nothing in this Section 14(a) shall prohibit the

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Executive from owning stock or other securities of a competitor amounting to less than five percent of the outstanding capital stock of such competitor.

(b) Confidentiality. During and following the Executive's employment

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by the Company, the Executive shall hold in confidence and not directly or indirectly disclose or use or copy or make lists of any confidential information or proprietary data of the Company (including that of the Employer), except to the extent authorized in writing by the Board of Directors of the Company or required by any court or administrative agency, other than to an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of duties as an executive of the Company. Confidential information shall not include any information known generally to the public or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that of the Company. All records, files, documents and materials, or copies thereof, relating to the business of the Company which the Executive shall prepare, or use, or come into contact with, shall be and remain the sole property of the Company and shall be promptly returned to the Company upon termination of employment with the Company.

(c) No Solicitation. The Executive agrees that, in the event of any

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Covered Termination where the Executive is entitled to Accrued Benefits and the Termination Payment, the

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Executive shall not, for a period expiring two years after the Termination Date, without the prior written approval of the Company's Board of Directors, hire or

solicit for employment any person who is or was employed by the Company during the then immediately preceding twelve months, other than pursuant to a general published solicitation of employment.

15. Expenses and Interest. If, after a Change in Control of the

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Company, (a) a dispute arises with respect to the enforcement of the Executive's rights under this Agreement or (b) any legal or arbitration proceeding shall be brought to enforce or interpret any provision contained herein or to recover damages for breach hereof, in either case so long as the Executive is not acting in bad faith, then the Company shall reimburse the Executive for any reasonable attorneys' fees and necessary costs and disbursements incurred as a result of the dispute, legal or arbitration proceeding ("Expenses"), and prejudgment interest on any money judgment or arbitration award obtained by the Executive calculated at the rate of interest announced by The Bank of New York, from time to time at its prime or base lending rate from the date that payments to him or her should have been made under this Agreement. Within ten days after the Executive's written request therefor, the Company shall pay to the Executive, or such other person or entity as the Executive may designate in writing to the Company, the Executive's reasonable Expenses in advance of the final disposition or conclusion of any such dispute, legal or arbitration proceeding.

16. Payment Obligations Absolute. The Company's obligation during and

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after the Employment Period to pay the Executive the amounts and to make the benefit and other arrangements provided herein shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against him or anyone else. Except as provided in Section

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15, all amounts payable by the Company hereunder shall be paid without notice or  
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demand. Each and every payment made hereunder by the Company shall be final, and the Company will not seek to recover all or any part of such payment from the Executive, or from whomsoever may be entitled thereto, for any reason whatsoever.

17. Successors.

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(a) If the Company sells, assigns or transfers all or substantially all of its business and assets to any Person or if the Company merges into or consolidates or otherwise combines (where the Company does not survive such combination) with any Person (any such event, a "Sale of Business"), then the Company shall assign all of its right, title and interest in this Agreement as of the date of such event to such Person, and the Company shall cause such Person, by written agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform from and after the date of such assignment all of the terms, conditions and provisions imposed by this Agreement upon the Company. Failure of the Company to obtain such agreement prior to the effective date of such Sale of Business shall be a breach of this Agreement constituting "Good Reason" hereunder, except that for purposes of implementing the foregoing the date upon which such Sale of Business becomes effective shall be deemed the Termination Date. In case of such assignment by the Company and of assumption and agreement by such Person, as used in this Agreement, "Company" shall thereafter mean such Person which executes and delivers the agreement provided for in this Section 17 or which otherwise

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becomes bound by all the terms and provisions of this Agreement by operation of law, and this Agreement shall inure to the benefit of, and be enforceable by, such Person. The Executive shall, in his or

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her discretion, be entitled to proceed against any or all of such Persons, any Person which theretofore was such a successor to the Company and the Company (as so defined) in any action to enforce any rights of the Executive hereunder. Except as provided in this Section 17(a), this Agreement shall not be assignable

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by the Company. This Agreement shall not be terminated by the voluntary or involuntary dissolution of the Company.

(b) This Agreement and all rights of the Executive shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, heirs and beneficiaries. All amounts payable to the Executive under Sections 7, 8, 9, 10, 11, 12 and 15 if the

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Executive had lived shall be paid, in the event of the Executive's death, to the Executive's estate, heirs and representatives; provided, however, that the foregoing shall not be construed to modify any terms of any benefit plan of the Employer, as such terms are in effect on the date of the Change in Control of the Company, that expressly govern benefits under such plan in the event of the Executive's death.

18. Severability. The provisions of this Agreement shall be regarded

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as divisible, and if any of said provisions or any part hereof are declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remainder of such provisions or parts hereof and the applicability thereof shall not be affected thereby.

19. Contents of Agreement; Waiver of Rights; Amendment. This Agreement

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sets forth the entire understanding between the parties hereto with respect to the subject matter hereof, and the Executive hereby waives all rights under, any prior or other agreement or understanding between the parties with respect to such subject matter. This Agreement may not be amended or modified at any time except by written instrument executed by the Company and the Executive.

20. Withholding. The Company shall be entitled to withhold from

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amounts to be paid to the Executive hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold; provided, that the amount so withheld shall not exceed the minimum amount required to be withheld by law. The Company shall be entitled to rely on an opinion of the National Tax Counsel if any question as to the amount or requirement of any such withholding shall arise.

21. Certain Rules of Construction. No party shall be considered as

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being responsible for the drafting of this Agreement for the purpose of applying any rule construing ambiguities against the drafter or otherwise. No draft of this Agreement shall be taken into account in construing this Agreement. Any provision of this Agreement which requires an agreement in writing shall be deemed to require that the writing in question be signed by the Executive and an authorized representative of the Company.

22. Governing Law; Resolution of Disputes. This Agreement and the

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rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Wisconsin. Any dispute arising out of this Agreement shall, at the Executive's election, be determined by arbitration under the rules of the American Arbitration Association then in effect (in which case both parties shall be bound by the arbitration award) or by litigation. Whether the dispute is to be settled by arbitration or litigation, the venue for the arbitration or litigation shall be

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Milwaukee, Wisconsin or, at the Executive's election, if the Executive is not then residing or working in the Milwaukee, Wisconsin metropolitan area, in the judicial district encompassing the city in which the Executive resides; provided, that, if the Executive is not then residing in the United States, the election of the Executive with respect to such venue shall be either Milwaukee, Wisconsin or in the judicial district encompassing that city in the United States among the thirty cities having the largest population (as determined by the most recent United States Census data available at the Termination Date) which is closest to the Executive's residence. The parties consent to personal jurisdiction in each trial court in the selected venue having subject matter jurisdiction notwithstanding their residence or situs, and each party irrevocably consents to service of process in the manner provided hereunder for the giving of notices.

23. Notice. Notices given pursuant to this Agreement shall be in

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writing and, except as otherwise provided by Section 13(d), shall be deemed

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given when actually received by the Executive or actually received by the Company's Secretary or any officer of the Company other than the Executive. If mailed, such notices shall be mailed by United States registered or certified mail, return receipt requested, addressee only, postage prepaid, if to the Company, to Fiserv, Inc., Attention: Secretary (or President, if the Executive is then Secretary), 255 Fiserv Drive, Brookfield, Wisconsin 53045, or if to the Executive, at the address set forth below the Executive's signature to this Agreement, or to such other address as the party to be notified shall have theretofore given to the other party in writing.

24. No Waiver. No waiver by either party at any time of any breach by

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the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

25. Headings. The headings herein contained are for reference only

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and shall not affect the meaning or interpretation of any provision of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement  
as of the day and year first above written.

FISERV, INC.

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

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

EXECUTIVE:

\_\_\_\_\_ (SEAL)

Address: \_\_\_\_\_  
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KEY EXECUTIVE EMPLOYMENT AND SEVERANCE AGREEMENT

THIS AGREEMENT, made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2001, by and between Fiseriv, Inc., a Wisconsin corporation (hereinafter referred to as the "Company"), and \_\_\_\_\_ (hereinafter referred to as the "Executive").

W I T N E S S E T H

WHEREAS, the Executive is employed by the Company and/or a subsidiary of the Company (hereinafter referred to collectively as the "Employer") in a key executive capacity and the Executive's services are valuable to the conduct of the business of the Company;

WHEREAS, the Company desires to continue to attract and retain dedicated and skilled management employees in a period of industry consolidation, consistent with achieving the best possible value for its shareholders in any change in control of the Company;

WHEREAS, the Company recognizes that circumstances may arise in which a change in control of the Company occurs, through acquisition or otherwise, thereby causing a potential conflict of interest between the Company's needs for the Executive to remain focused on the Company's business and for the necessary continuity in management prior to and following a change in control, and the Executive's reasonable personal concerns regarding future employment with the Employer and economic protection in the event of loss of employment as a consequence of a change in control;

WHEREAS, the Company and the Executive are desirous that any proposal for a change in control or acquisition of the Company will be considered by the Executive objectively and with reference only to the best interests of the Company and its shareholders;

WHEREAS, the Executive will be in a better position to consider the Company's best interests if the Executive is afforded reasonable economic security, as provided in this Agreement, against altered conditions of employment which could result from any such change in control or acquisition;

WHEREAS, the Executive possesses intimate knowledge of the business and affairs of the Company and has acquired certain confidential information and data with respect to the Company; and

WHEREAS, the Company desires to insure, insofar as possible, that it will continue to have the benefit of the Executive's services and to protect its confidential information and goodwill.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto mutually covenant and agree as follows:

1. Definitions.

(a) Accrued Benefits. The term "Accrued Benefits" shall include the

following amounts, payable as described herein: (i) all base salary for the time period ending with the Termination Date; (ii) reimbursement for any and all monies advanced in connection with the (a) Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Employer for the time period ending with the Termination Date; (iii) any and all other cash earned through the Termination Date and deferred at the election of the Executive or pursuant to any deferred compensation plan then in effect; (iv) notwithstanding any provision of any bonus or incentive compensation plan applicable to the Executive, a lump sum amount, in cash, equal to the sum of (A) any bonus or incentive compensation that has been allocated or awarded to the Executive for a fiscal year or other measuring period under the plan that ends prior to the Termination Date but has not yet been paid (pursuant to Section

5(f) or otherwise) and (B) a pro rata portion to the Termination Date of the

aggregate value of all contingent bonus or incentive compensation awards to the Executive for all uncompleted periods under the plan calculated as to each such award as if the Goals with respect to such bonus or incentive compensation award had been attained; and (v) all other payments and benefits to which the Executive (or in the event of the Executive's death, the Executive's surviving spouse or other beneficiary) may be entitled on the Termination Date as compensatory fringe benefits or under the terms of any benefit plan of the Employer, excluding severance payments under any Employer severance policy, practice or agreement in effect on the Termination Date. Payment of Accrued

Benefits shall be made promptly in accordance with the Company's prevailing practice with respect to clauses (i) and (ii) or, with respect to clauses (iii), (iv) and (v), pursuant to the terms of the benefit plan or practice establishing such benefits.

(b) Act. The term "Act" means the Securities Exchange Act of 1934, as amended.

(c) Affiliate and Associate. The terms "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Act.

(d) Annual Cash Compensation. The term "Annual Cash Compensation" shall mean the sum of (i) the Executive's Annual Base Salary (determined as of the time of the Change in Control of the Company or, if higher, immediately prior to the date the Notice of Termination is given) plus (ii) an amount equal to (A) if the Executive has been employed by the Company for three or more years prior to the Change in Control of the Company, the highest annual incentive bonus the Executive received for any of the three fiscal years prior to the Change in Control of the Company, or (B) if the Executive has not been employed by the Company for three or more years prior to the Change in Control of the Company, the greater of (x) 60% of the Executive's Annual Base Salary as of the time of the Change in Control of the Company or (y) the highest annual incentive bonus the Executive received for any of the two fiscal years prior to the Change in Control of the Company in which the Executive was employed by the Company (the aggregate amount set forth in clause (i) and clause (ii) shall hereafter be referred to as the "Annual Cash Compensation").

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(e) Beneficial Owner. A Person shall be deemed to be the "Beneficial Owner" of any securities:

(i) which such Person or any of such Person's Affiliates or Associates has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, (A) securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase, or (B) securities issuable upon exercise of Rights issued pursuant to the terms of the Company's Shareholder Rights Agreement, dated as of February 24, 1998, between the Company and Equiserve Limited Partnership, as amended from time to time (or any successor to such Rights Agreement), at any time before the issuance of such securities;

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Act), including pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security under this clause (ii) as a result of an agreement, arrangement or understanding to vote such security if the agreement, arrangement or understanding: (A) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations under the Act and (B) is not also then reportable on a Schedule 13D under the Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in clause (ii) above) or disposing of any voting securities of the Company.

(f) Cause. "Cause" for termination by the Employer of the Executive's employment in connection with a Change in Control of the Company shall be limited to (i) the engaging by the Executive in intentional conduct not taken in good faith that the Company establishes, by clear and convincing evidence, has caused demonstrable and serious financial injury to the Employer, as evidenced

by a determination in a binding and final judgment, order or decree of a court or administrative agency of competent jurisdiction, in effect after exhaustion or lapse of all rights of appeal, in an action, suit or proceeding, whether civil, criminal, administrative or investigative; (ii) conviction of a felony (as evidenced by binding and final judgment, order or decree of a court of competent jurisdiction, in effect after exhaustion of all rights of appeal), which substantially impairs the Executive's ability to perform his duties or responsibilities; or

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(iii) continuing willful and unreasonable refusal by the Executive to perform the Executive's duties or responsibilities (unless significantly changed without the Executive's consent).

(g) Change in Control of the Company. A "Change in Control of the Company" shall be deemed to have occurred if an event set forth in any one of the following paragraphs shall have occurred:

(i) any Person (other than (A) the Company or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under any employee benefit plan of the Company or any of its subsidiaries, (C) an underwriter temporarily holding securities pursuant to an offering of such securities or (D) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company ("Excluded Persons")) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after November 14, 2001, pursuant to express authorization by the Board that refers to this exception) representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors of the Company then serving: (A) individuals who, on November 14, 2001 constituted the Board and (B) any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on November 14, 2001, or whose appointment, election or nomination for election was previously so approved (collectively the "Continuing Directors"); provided, however, that individuals who are appointed to the Board pursuant to or in accordance with the terms of an agreement relating to a merger, consolidation, or share exchange involving the Company (or any direct or indirect subsidiary of the Company) shall not be Continuing Directors for purposes of this Agreement until after such individuals are first nominated for election by a vote of at least two-thirds (2/3) of the then Continuing Directors and are thereafter elected as directors by the shareholders of the Company at a meeting of shareholders held following consummation of such merger, consolidation, or share exchange; and, provided further, that in the event the failure of any such persons appointed to the Board to be Continuing Directors results in a Change in Control of the Company, the subsequent qualification of such persons as Continuing Directors shall not alter the fact that a Change in Control of the Company occurred; or

(iii) the shareholders of the Company approve a merger, consolidation or share exchange of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a

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merger, consolidation or share exchange of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (A) a merger, consolidation or share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or share exchange continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger, consolidation or share exchange, or (B) a merger, consolidation or share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than an Excluded Person) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired

directly from the Company or its Affiliates after November 14, 2001, pursuant to express authorization by the Board that refers to this exception) representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(iv) the shareholders of the Company approve of a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (in one transaction or a series of related transactions within any period of 24 consecutive months), other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, no "Change in Control of the Company" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to own, directly or indirectly, in the same proportions as their ownership in the Company, an entity that owns all or substantially all of the assets or voting securities of the Company immediately following such transaction or series of transactions.

(h) Code. The term "Code" means the Internal Revenue Code of 1986, including any amendments thereto or successor tax codes thereof.

(i) Covered Termination. Subject to Section 2(b), the term "Covered Termination" means any termination of the Executive's employment during the Employment Period where the Termination Date, or the date Notice of Termination is delivered, is any date prior to the end of the Employment Period.

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(j) Employment Period. Subject to Section 2(b), the term "Employment Period" means a period commencing on the date of a Change in Control of the Company, and ending at 11:59 p.m. Central Time on the third anniversary of such date.

(k) Good Reason. The Executive shall have "Good Reason" for termination of employment in connection with a Change in Control of the Company in the event of:

(i) any breach of this Agreement by the Employer, including specifically any breach by the Employer of the agreements contained in Section 3(b), Section 4, Section 5, or Section 6, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that the Employer remedies promptly after receipt of notice thereof given by the Executive;

(ii) any reduction in the Executive's base salary, percentage of base salary available as incentive compensation or bonus opportunity or benefits, in each case relative to those most favorable to the Executive in effect at any time during the 180-day period prior to the Change in Control of the Company or, to the extent more favorable to the Executive, those in effect at any time during the Employment Period;

(iii) the removal of the Executive from, or any failure to reelect or reappoint the Executive to, any of the positions held with the Employer on the date of the Change in Control of the Company or any other positions with the Employer to which the Executive shall thereafter be elected, appointed or assigned, except in the event that such removal or failure to reelect or reappoint relates to the termination by the Employer of the Executive's employment for Cause or by reason of disability pursuant to Section 12;

(iv) a good faith determination by the Executive that there has been a material adverse change, without the Executive's written consent, in the Executive's working conditions or status with the Employer relative to the most favorable working conditions or status in effect during the 180-day period prior to the Change in Control of the Company, or, to the extent more favorable to the Executive, those in effect at any time during the Employment Period, including but not limited to (A) a significant change in the nature or scope of the Executive's authority, powers, functions, duties or responsibilities, or (B) a significant reduction in the level of support services, staff, secretarial and other assistance,



office space and accoutrements, but in each case excluding for this purpose an isolated, insubstantial and inadvertent event not occurring in bad faith that the Employer remedies within ten (10) days after receipt of notice thereof given by the Executive;

(v) the relocation of the Executive's principal place of employment to a location more than 35 miles from the Executive's principal place of employment on the date 180 days prior to the Change in Control of the Company;

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(vi) the Employer requires the Executive to travel on Employer business 20% in excess of the average number of days per month the Executive was required to travel during the 180-day period prior to the Change in Control of the Company; or

(vii) failure by the Company to obtain the Agreement referred to in Section 17(a) as provided therein.

(l) Person. The term "Person" shall mean any individual, firm,

partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity, or a group of any of the foregoing acting in concert.

(m) Termination Date. Except as otherwise provided in Section 2(b),

Section 10(b), and Section 17(a), the term "Termination Date" means (i) if the

Executive's employment is terminated by the Executive's death, the date of death; (ii) if the Executive's employment is terminated by reason of voluntary early retirement, as agreed in writing by the Employer and the Executive, the date of such early retirement which is set forth in such written agreement; (iii) if the Executive's employment is terminated for purposes of this Agreement by reason of disability pursuant to Section 12, the earlier of thirty days after

the Notice of Termination is given or one day prior to the end of the Employment Period; (iv) if the Executive's employment is terminated by the Executive voluntarily (other than for Good Reason), the date the Notice of Termination is given; and (v) if the Executive's employment is terminated by the Employer (other than by reason of disability pursuant to Section 12) or by the Executive

for Good Reason, the earlier of thirty days after the Notice of Termination is given or one day prior to the end of the Employment Period. Notwithstanding the foregoing,

(A) If termination is for Cause pursuant to Section 1(f)(iii)

and if the Executive has cured the conduct constituting such Cause as described by the Employer in its Notice of Termination within such thirty-day or shorter period, then the Executive's employment hereunder shall continue as if the Employer had not delivered its Notice of Termination.

(B) If the Executive shall in good faith give a Notice of Termination for Good Reason and the Employer notifies the Executive that a dispute exists concerning the termination within the fifteen-day period following receipt thereof, then the Executive may elect to continue his or her employment during such dispute and the Termination Date shall be determined under this paragraph. If the Executive so elects and it is thereafter determined that Good Reason did exist, the Termination Date shall be the earliest of (1) the date on which the dispute is finally determined, either (x) by mutual written agreement of the parties or (y) in accordance with Section 22, (2) the date of the Executive's death or (3)

one day prior to the end of the Employment Period. If the Executive so elects and it is thereafter determined that Good Reason did not exist, then the employment of the Executive hereunder shall continue after such determination as if the Executive had not delivered the Notice of Termination asserting Good Reason and there shall be no Termination Date arising out of such Notice. In either case, this Agreement continues, until the Termination Date, if any, as if the Executive had

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not delivered the Notice of Termination except that, if it is finally determined that Good Reason did exist, the Executive shall in no case be denied the benefits described in Section 9 (including a Termination

Payment) based on events occurring after the Executive delivered his Notice of Termination.

(C) Except as provided in Section 1(m)(B), if the party receiving

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the Notice of Termination notifies the other party that a dispute exists concerning the termination within the appropriate period following receipt thereof and it is finally determined that the reason asserted in such Notice of Termination did not exist, then (1) if such Notice was delivered by the Executive, the Executive will be deemed to have voluntarily terminated his employment and the Termination Date shall be the earlier of the date fifteen days after the Notice of Termination is given or one day prior to the end of the Employment Period and (2) if delivered by the Company, the Company will be deemed to have terminated the Executive other than by reason of death, disability or Cause.

2. Termination or Cancellation Prior to Change in Control.  
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(a) Subject to Section 2(b), the Employer and the Executive shall each  
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retain the right to terminate the employment of the Executive at any time prior to a Change in Control of the Company. Subject to Section 2(b), in the event the  
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Executive's employment is terminated prior to a Change in Control of the Company, this Agreement shall be terminated and cancelled and of no further force and effect, and any and all rights and obligations of the parties hereunder shall cease.

(b) Anything in this Agreement to the contrary notwithstanding, if a Change in Control of the Company occurs and if the Executive's employment with the Employer is terminated (other than a termination due to the Executive's death or as a result of the Executive's disability) during the period of 180 days prior to the date on which the Change in Control of the Company occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control of the Company or (ii) otherwise arose in connection with or in anticipation of a Change in Control of the Company, then for all purposes of this Agreement such termination of employment shall be deemed a "Covered Termination," "Notice of Termination" shall be deemed to have been given, and the "Employment Period" shall be deemed to have begun on the date of such termination which shall be deemed to be the "Termination Date" and the date of the Change of Control of the Company for purposes of this Agreement.

3. Employment Period; Vesting of Certain Benefits.  
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(a) If a Change in Control of the Company occurs when the Executive is employed by the Employer, the Employer will continue thereafter to employ the Executive during the Employment Period, and the Executive will remain in the employ of the Employer in accordance with and subject to the terms and provisions of this Agreement. Any termination of the Executive's employment during the Employment Period, whether by the Company or the Employer, shall be deemed a termination by the Company for purposes of this Agreement.

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(b) If a Change in Control of the Company occurs when the Executive is employed by the Employer, (i) the Company shall cause all restrictions on restricted stock awards made to the Executive prior to the Change in Control of the Company to lapse such that the Executive is fully and immediately vested in the Executive's restricted stock upon such a Change in Control of the Company; and (ii) the Company shall cause all stock options granted to the Executive prior to the Change in Control of the Company pursuant to the Company's stock option plan(s) to be fully and immediately vested upon such a Change in Control of the Company.

4. Duties. During the Employment Period, the Executive shall, in the  
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same capacities and positions held by the Executive at the time of the Change in Control of the Company or in such other capacities and positions as may be agreed to by the Employer and the Executive in writing, devote the Executive's best efforts and all of the Executive's business time, attention and skill to the business and affairs of the Employer, as such business and affairs now exist and as they may hereafter be conducted; provided, however, that the Executive shall be entitled (a) to serve as director of other corporations and (b) to devote time to personal and financial activities, in each case so long as such activities do not materially affect the Executive's ability to perform the Executive's duties hereunder.

5. Compensation. During the Employment Period, the Executive shall be  
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compensated as follows:

(a) The Executive shall receive, at reasonable intervals (but not less often than monthly) and in accordance with such standard policies as may be in effect immediately prior to the Change in Control of the Company, an annual base

salary in cash equivalent of not less than twelve times the Executive's highest monthly base salary for the twelve-month period immediately preceding the month in which the Change in Control of the Company occurs or, if higher, an annual base salary at the rate in effect immediately prior to the Change in Control of the Company (which base salary shall, unless otherwise agreed in writing by the Executive, include the current receipt by the Executive of any amounts which, prior to the Change in Control of the Company, the Executive had elected to defer, whether such compensation is deferred under Section 401(k) of the Code or otherwise), subject to adjustment as hereinafter provided in Section 6 (such

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salary amount as adjusted upward from time to time is hereafter referred to as the "Annual Base Salary").

(b) The Executive shall receive fringe benefits at least equal in value to the highest value of such benefits provided for the Executive at any time during the 180-day period immediately prior to the Change in Control of the Company or, if more favorable to the Executive, those provided generally at any time during the Employment Period to any executives of the Employer of comparable status and position to the Executive; and shall be reimbursed, at such intervals and in accordance with such standard policies that are most favorable to the Executive that were in effect at any time during the 180-day period immediately prior to the Change in Control of the Company, for any and all monies advanced in connection with the Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Employer, including travel expenses.

(c) The Executive and/or the Executive's family, as the case may be, shall be included, to the extent eligible thereunder (which eligibility shall not be conditioned on the Executive's salary grade or on any other requirement which excludes persons of comparable status

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to the Executive unless such exclusion was in effect for such plan or an equivalent plan at any time during the 180-day period immediately prior to the Change in Control of the Company), in any and all plans providing benefits for the Employer's salaried employees in general, including but not limited to group life insurance, hospitalization, medical, dental, profit sharing and stock bonus plans; provided, that, (i) in no event shall the aggregate level of benefits under such plans in which the Executive is included be less than the aggregate level of benefits under plans of the Employer of the type referred to in this Section 5(c) in which the Executive was participating at any time during the

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180-day period immediately prior to the Change in Control of the Company and (ii) in no event shall the aggregate level of benefits under such plans be less than the aggregate level of benefits under plans of the type referred to in this Section 5(c) provided at any time after the Change in Control of the Company to

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any executive of the Employer of comparable status and position to the Executive.

(d) The Executive shall annually be entitled to not less than the amount of paid vacation and not fewer than the highest number of paid holidays to which the Executive was entitled annually at any time during the 180-day period immediately prior to the Change in Control of the Company or such greater amount of paid vacation and number of paid holidays as may be made available annually to other executives of the Employer of comparable status and position to the Executive at any time during the Employment Period.

(e) The Executive shall be included in all plans providing additional benefits to executives of the Employer of comparable status and position to the Executive, including but not limited to deferred compensation, split-dollar life insurance, supplemental retirement, stock option, stock appreciation, stock bonus and similar or comparable plans; provided, that, (i) in no event shall the aggregate level of benefits under such plans be less than the highest aggregate level of benefits under plans of the Employer of the type referred to in this Section 5(e) in which the Executive was participating at any time during the

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180-day period immediately prior to the Change in Control of the Company; (ii) in no event shall the aggregate level of benefits under such plans be less than the aggregate levels of benefits under plans of the type referred to in this Section 5(e) provided at any time after the Change in Control of the Company to

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any executive of the Employer comparable in status and position to the Executive; and (iii) the Employer's obligation to include the Executive in bonus or incentive compensation plans shall be determined by Section 5(f).

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(f) To assure that the Executive will have an opportunity to earn incentive compensation after a Change in Control of the Company, the Executive shall be included in a bonus plan of the Employer which shall satisfy the standards described below (such plan, the "Bonus Plan"). Bonuses under the Bonus Plan shall be payable with respect to achieving such financial or other goals reasonably related to the business of the Employer as the Employer shall

establish (the "Goals"), all of which Goals shall be attainable, prior to the end of the Employment Period, with approximately the same degree of probability as the most attainable goals under the Employer's bonus plan or plans as in effect at any time during the 180-day period immediately prior to the Change in Control of the Company (whether one or more, the "Company Bonus Plan") and in view of the Employer's existing and projected financial and business circumstances applicable at the time. The amount of the bonus (the "Bonus Amount") that the Executive is eligible to earn under the Bonus Plan shall be no less than the amount of the Executive's maximum award provided in such Company Bonus Plan (such bonus amount herein referred to as the "Targeted Bonus"), and in the event the Goals are not achieved such that the entire Targeted Bonus

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is not payable, the Bonus Plan shall provide for a payment of a Bonus Amount equal to a portion of the Targeted Bonus reasonably related to that portion of the Goals which were achieved. Payment of the Bonus Amount shall not be affected by any circumstance occurring subsequent to the end of the Employment Period, including termination of the Executive's employment.

6. Annual Compensation Adjustments. During the Employment Period,  
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the Board of Directors of the Company (or an appropriate committee thereof) will consider and appraise, at least annually, the contributions of the Executive to the Company, and in accordance with the Company's practice prior to the Change in Control of the Company, due consideration shall be given to the upward adjustment of the Executive's Annual Base Salary, at least annually, (a) commensurate with increases generally given to other executives of the Company of comparable status and position to the Executive, and (b) as the scope of the Company's operations or the Executive's duties expand.

7. Termination For Cause or Without Good Reason. If there is a  
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Covered Termination for Cause or due to the Executive's voluntarily terminating his or her employment other than for Good Reason (any such terminations to be subject to the procedures set forth in Section 13), then the Executive shall be

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entitled to receive only Accrued Benefits.

8. Termination Giving Rise to a Termination Payment. If there is a  
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Covered Termination by the Executive for Good Reason, or by the Company other than by reason of (i) death, (ii) disability pursuant to Section 12, or (iii)

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Cause (any such terminations to be subject to the procedures set forth in Section 13), then the Executive shall be entitled to receive, and the Company

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shall promptly pay, Accrued Benefits and, in lieu of further base salary for periods following the Termination Date, as liquidated damages and additional severance pay and in consideration of the covenant of the Executive set forth in Section 14(a), the Termination Payment pursuant to Section 9(a).  
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9. Payments Upon Termination.  
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(a) Termination Payment.  
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(i) Subject to Section 9(a)(ii), the "Termination Payment" shall  
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be an amount equal to the Annual Cash Compensation times two (2). The Termination Payment shall be paid to the Executive in cash equivalent ten (10) business days after the Termination Date. Such lump sum payment shall not be reduced by any present value or similar factor, and the Executive shall not be required to mitigate the amount of the Termination Payment by securing other employment or otherwise, nor will such Termination Payment be reduced by reason of the Executive securing other employment or for any other reason. The Termination Payment shall be in lieu of, and acceptance by the Executive of the Termination Payment shall constitute the Executive's release of any rights of the Executive to, any other cash severance payments under any Company severance policy, practice or agreement.

(ii) Notwithstanding any other provision of this Agreement, if any portion of the Termination Payment or any other payment under this

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Agreement, or under any other agreement with or plan of the Employer (in the aggregate, "Total Payments"), would constitute an "excess parachute payment," then the Executive shall have the option to have the Total Payments to be made to the Executive reduced such that the value of the

aggregate Total Payments that the Executive is entitled to receive shall be One Dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed under Section 4999 of the Code (or any successor provision). For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to them in Section 280G of the Code (or any successor provision) and such "parachute payments" shall be valued as provided therein. Present value for purposes of this Agreement shall be calculated in accordance with Section 1274(b)(2) of the Code (or any successor provision). Within forty days following a Covered Termination or notice by one party to the other of its belief that there is a payment or benefit due the Executive that will result in an "excess parachute payment" as defined in Section 280G of the Code (or any successor provision), the Executive and the Company, at the Company's expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel ("National Tax Counsel") selected by the Company's independent auditors and reasonably acceptable to the Executive (which may be regular outside counsel to the Company), which opinion sets forth (A) the amount of the Base Period Income, (B) the amount and present value of Total Payments, (C) the amount and present value of any excess parachute payments determined without regard to any reduction of Total Payments pursuant to this Section 9(a) (ii)

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and (D) the net after-tax proceeds to the Executive, taking into account the tax imposed under Section 4999 of the Code if (x) the Total Payments were reduced in accordance with the first sentence of this Section 9(a) (ii)

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or (y) the Total Payments were not so reduced. As used in this Agreement, the term "Base Period Income" means an amount equal to the Executive's "annualized includable compensation for the base period" as defined in Section 280G(d)(1) of the Code. For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Section 280G(d)(3) and (4) of the Code (or any successor provisions), which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Executive. The opinion of National Tax Counsel shall be addressed to the Company and the Executive and shall be binding upon the Company and the Executive. If such National Tax Counsel opinion determines that there would be an excess parachute payment, then, at the Executive's option, then, at the Executive's sole discretion, the Termination Payment hereunder or any other payment or benefit determined by such counsel to be includable in Total Payments may be reduced or eliminated as specified by the Executive in writing delivered to the Company within thirty days of his receipt of such opinion so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such National Tax Counsel so requests in connection with the opinion required by this Section 9(a), the Executive and the

-----  
Company shall obtain, at the Company's expense, and the National Tax Counsel may rely on, the advice of a firm of recognized executive compensation consultants as to the reasonableness of

-12-

any item of compensation to be received by the Executive solely with respect to its status under Section 280G of the Code and the regulations thereunder.

(iii) The Company agrees to bear all costs associated with, and to indemnify and hold harmless, the National Tax Counsel of and from any and all claims, damages, and expenses resulting from or relating to its determinations pursuant to this Section 9(a), except for claims, damages or expenses resulting from the gross negligence or willful misconduct of such firm.

(b) Additional Benefits. If there is a Covered Termination and the

-----  
Executive is entitled to Accrued Benefits and the Termination Payment, then the Company shall provide to the Executive the following additional benefits:

(i) The Executive shall receive, at the expense of the Company, outplacement services, on an individualized basis at a level of service commensurate with the Executive's status with the Company immediately prior to the date of the Change in Control of the Company (or, if higher, immediately prior to the termination of the Executive's employment), provided by a nationally recognized executive placement firm selected by the Company; provided that the cost to the Company of such services shall not exceed 10% of the Executive's Annual Base Salary.

(ii) Until the earlier of the end of the Employment Period or such time as the Executive has obtained new employment and is covered by benefits which in the aggregate are at least equal in value to the following benefits, the Executive shall continue to be covered, at the expense of the Company, by the same or equivalent life insurance,

hospitalization, medical and dental coverage as was required hereunder with respect to the Executive immediately prior to the date the Notice of Termination is given.

(iii) The Company shall reimburse the Executive for up to \$15,000 in the aggregate of fees and expenses of consultants and/or legal or accounting advisors engaged by the Executive to advise the Executive as to matters relating to the computation of benefits due and payable under this Section 9.

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(iv) The Company shall cause all performance plan awards granted to the Executive pursuant to any long-term incentive plan maintained by the Company to be paid out at target, as if all performance requirements had been satisfied, on a pro rata basis based on the completed portion of each award cycle.

10. Death.

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(a) Except as provided in Section 10(b), in the event of a Covered

-----

Termination due to the Executive's death, the Executive's estate, heirs and beneficiaries shall receive all the Executive's Accrued Benefits through the Termination Date.

(b) In the event the Executive dies after a Notice of Termination is given (i) by the Company or (ii) by the Executive for Good Reason, the Executive's estate, heirs and

-13-

beneficiaries shall be entitled to the benefits described in Section 10(a) and,

-----

subject to the provisions of this Agreement, to such Termination Payment as the Executive would have been entitled to had the Executive lived. For purposes of this Section 10(b), the Termination Date shall be the earlier of thirty days

-----

following the giving of the Notice of Termination, subject to extension pursuant to Section 1(m), or one day prior to the end of the Employment Period.

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11. Retirement. If, during the Employment Period, the Executive and

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the Employer shall execute an agreement providing for the early retirement of the Executive from the Employer, or the Executive shall otherwise give notice that he is voluntarily choosing to retire early from the Employer, the Executive shall receive Accrued Benefits through the Termination Date; provided, that if the Executive's employment is terminated by the Executive for Good Reason or by the Company other than by reason of death, disability or Cause and the Executive also, in connection with such termination, elects voluntary early retirement, the Executive shall also be entitled to receive a Termination Payment pursuant to Section 8.

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12. Termination for Disability. If, during the Employment Period, as a

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result of the Executive's disability due to physical or mental illness or injury (regardless of whether such illness or injury is job-related), the Executive shall have been absent from the Executive's duties hereunder on a full-time basis for a period of six consecutive months and, within thirty days after the Company notifies the Executive in writing that it intends to terminate the Executive's employment (which notice shall not constitute the Notice of Termination contemplated below), the Executive shall not have returned to the performance of the Executive's duties hereunder on a full-time basis, the Company may terminate the Executive's employment for purposes of this Agreement pursuant to a Notice of Termination given in accordance with Section 13. If the

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Executive's employment is terminated on account of the Executive's disability in accordance with this Section, the Executive shall receive Accrued Benefits through the Termination Date and shall remain eligible for all benefits provided by any long term disability programs of the Company in effect at the time of such termination.

13. Termination Notice and Procedure. Any Covered Termination by the

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Company or the Executive (other than a termination of the Executive's employment that is a Covered Termination by virtue of Section 2(b)) shall be communicated

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by a written notice of termination ("Notice of Termination") to the Executive, if such Notice is given by the Company, and to the Company, if such Notice is given by the Executive, all in accordance with the following procedures and those set forth in Section 23:

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(a) If such termination is for disability, Cause or Good Reason, the Notice of Termination shall indicate in reasonable detail the facts and circumstances alleged to provide a basis for such termination.

(b) Any Notice of Termination by the Company shall have been approved, prior to the giving thereof to the Executive, by a resolution duly adopted by a majority of the directors of the Company (or any successor corporation) then in office.

(c) If the Notice is given by the Executive for Good Reason, the Executive may cease performing his duties hereunder on or after the date fifteen days after the delivery of Notice of Termination and shall in any event cease employment on the Termination Date. If the Notice is

-14-

given by the Company, then the Executive may cease performing his duties hereunder on the date of receipt of the Notice of Termination, subject to the Executive's rights hereunder.

(d) The Executive shall have thirty days, or such longer period as the Company may determine to be appropriate, to cure any conduct or act, if curable, alleged to provide grounds for termination of the Executive's employment for Cause under this Agreement pursuant to Section 1(f)(iii).

(e) The recipient of any Notice of Termination shall personally deliver or mail in accordance with Section 23 written notice of any dispute

relating to such Notice of Termination to the party giving such Notice within fifteen days after receipt thereof; provided, however, that if the Executive's conduct or act alleged to provide grounds for termination by the Company for Cause is curable, then such period shall be thirty days. After the expiration of such period, the contents of the Notice of Termination shall become final and not subject to dispute.

#### 14. Further Obligations of the Executive.

(a) Competition. The Executive agrees that, in the event of any

Covered Termination where the Executive is entitled to Accrued Benefits and the Termination Payment, the Executive shall not, for a period expiring six months after the Termination Date, without the prior written approval of the Company's Board of Directors, participate in the management of, be employed by or own any business enterprise at a location within the United States that engages in substantial competition with the Company or its subsidiaries, where such enterprise's revenues from any competitive activities amount to 10% or more of such enterprise's net revenues and sales for its most recently completed fiscal year; provided, however, that nothing in this Section 14(a) shall prohibit the

Executive from owning stock or other securities of a competitor amounting to less than five percent of the outstanding capital stock of such competitor.

(b) Confidentiality. During and following the Executive's employment

by the Company, the Executive shall hold in confidence and not directly or indirectly disclose or use or copy or make lists of any confidential information or proprietary data of the Company (including that of the Employer), except to the extent authorized in writing by the Board of Directors of the Company or required by any court or administrative agency, other than to an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of duties as an executive of the Company. Confidential information shall not include any information known generally to the public or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that of the Company. All records, files, documents and materials, or copies thereof, relating to the business of the Company which the Executive shall prepare, or use, or come into contact with, shall be and remain the sole property of the Company and shall be promptly returned to the Company upon termination of employment with the Company.

(c) No Solicitation. The Executive agrees that, in the event of any

Covered Termination where the Executive is entitled to Accrued Benefits and the Termination Payment, the Executive shall not, for a period expiring two years after the Termination Date, without the prior written approval of the Company's Board of Directors, hire or solicit for employment any person

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who is or was employed by the Company during the then immediately preceding

twelve months, other than pursuant to a general published solicitation of employment.

15. Expenses and Interest. If, after a Change in Control of the

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Company, (a) a dispute arises with respect to the enforcement of the Executive's rights under this Agreement or (b) any legal or arbitration proceeding shall be brought to enforce or interpret any provision contained herein or to recover damages for breach hereof, in either case so long as the Executive is not acting in bad faith, then the Company shall reimburse the Executive for any reasonable attorneys' fees and necessary costs and disbursements incurred as a result of the dispute, legal or arbitration proceeding ("Expenses"), and prejudgment interest on any money judgment or arbitration award obtained by the Executive calculated at the rate of interest announced by The Bank of New York, from time to time at its prime or base lending rate from the date that payments to him or her should have been made under this Agreement. Within ten days after the Executive's written request therefor, the Company shall pay to the Executive, or such other person or entity as the Executive may designate in writing to the Company, the Executive's reasonable Expenses in advance of the final disposition or conclusion of any such dispute, legal or arbitration proceeding.

16. Payment Obligations Absolute. The Company's obligation during and

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after the Employment Period to pay the Executive the amounts and to make the benefit and other arrangements provided herein shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against him or anyone else. Except as provided in Section

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15, all amounts payable by the Company hereunder shall be paid without notice or  
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demand. Each and every payment made hereunder by the Company shall be final, and the Company will not seek to recover all or any part of such payment from the Executive, or from whomsoever may be entitled thereto, for any reason whatsoever.

17. Successors.

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(a) If the Company sells, assigns or transfers all or substantially all of its business and assets to any Person or if the Company merges into or consolidates or otherwise combines (where the Company does not survive such combination) with any Person (any such event, a "Sale of Business"), then the Company shall assign all of its right, title and interest in this Agreement as of the date of such event to such Person, and the Company shall cause such Person, by written agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform from and after the date of such assignment all of the terms, conditions and provisions imposed by this Agreement upon the Company. Failure of the Company to obtain such agreement prior to the effective date of such Sale of Business shall be a breach of this Agreement constituting "Good Reason" hereunder, except that for purposes of implementing the foregoing the date upon which such Sale of Business becomes effective shall be deemed the Termination Date. In case of such assignment by the Company and of assumption and agreement by such Person, as used in this Agreement, "Company" shall thereafter mean such Person which executes and delivers the agreement provided for in this Section 17 or which otherwise

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becomes bound by all the terms and provisions of this Agreement by operation of law, and this Agreement shall inure to the benefit of, and be enforceable by, such Person. The Executive shall, in his or her discretion, be entitled to proceed against any or all of such Persons, any Person which theretofore was such a successor to the Company and the Company (as so defined) in any action to

-16-

enforce any rights of the Executive hereunder. Except as provided in this Section 17(a), this Agreement shall not be assignable by the Company. This

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Agreement shall not be terminated by the voluntary or involuntary dissolution of the Company.

(b) This Agreement and all rights of the Executive shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, heirs and beneficiaries. All amounts payable to the Executive under Sections 7, 8, 9, 10, 11, 12 and 15 if the

-----  
Executive had lived shall be paid, in the event of the Executive's death, to the Executive's estate, heirs and representatives; provided, however, that the foregoing shall not be construed to modify any terms of any benefit plan of the Employer, as such terms are in effect on the date of the Change in Control of the Company, that expressly govern benefits under such plan in the event of the Executive's death.

18. Severability. The provisions of this Agreement shall be regarded



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as divisible, and if any of said provisions or any part hereof are declared invalid or unenforceable by a court of competent jurisdiction, the validity and enforceability of the remainder of such provisions or parts hereof and the applicability thereof shall not be affected thereby.

19. Contents of Agreement; Waiver of Rights; Amendment. This Agreement  
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sets forth the entire understanding between the parties hereto with respect to the subject matter hereof, and the Executive hereby waives all rights under, any prior or other agreement or understanding between the parties with respect to such subject matter. This Agreement may not be amended or modified at any time except by written instrument executed by the Company and the Executive.

20. Withholding. The Company shall be entitled to withhold from  
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amounts to be paid to the Executive hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold; provided, that the amount so withheld shall not exceed the minimum amount required to be withheld by law. The Company shall be entitled to rely on an opinion of the National Tax Counsel if any question as to the amount or requirement of any such withholding shall arise.

21. Certain Rules of Construction. No party shall be considered as  
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being responsible for the drafting of this Agreement for the purpose of applying any rule construing ambiguities against the drafter or otherwise. No draft of this Agreement shall be taken into account in construing this Agreement. Any provision of this Agreement which requires an agreement in writing shall be deemed to require that the writing in question be signed by the Executive and an authorized representative of the Company.

22. Governing Law; Resolution of Disputes. This Agreement and the  
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rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Wisconsin. Any dispute arising out of this Agreement shall, at the Executive's election, be determined by arbitration under the rules of the American Arbitration Association then in effect (in which case both parties shall be bound by the arbitration award) or by litigation. Whether the dispute is to be settled by arbitration or litigation, the venue for the arbitration or litigation shall be Milwaukee, Wisconsin or, at the Executive's election, if the Executive is not then residing or working in the Milwaukee, Wisconsin metropolitan area, in the judicial district encompassing the

-17-

city in which the Executive resides; provided, that, if the Executive is not then residing in the United States, the election of the Executive with respect to such venue shall be either Milwaukee, Wisconsin or in the judicial district encompassing that city in the United States among the thirty cities having the largest population (as determined by the most recent United States Census data available at the Termination Date) which is closest to the Executive's residence. The parties consent to personal jurisdiction in each trial court in the selected venue having subject matter jurisdiction notwithstanding their residence or situs, and each party irrevocably consents to service of process in the manner provided hereunder for the giving of notices.

23. Notice. Notices given pursuant to this Agreement shall be in  
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writing and, except as otherwise provided by Section 13(d), shall be deemed  
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given when actually received by the Executive or actually received by the Company's Secretary or any officer of the Company other than the Executive. If mailed, such notices shall be mailed by United States registered or certified mail, return receipt requested, addressee only, postage prepaid, if to the Company, to Fiserv, Inc., Attention: Secretary (or President, if the Executive is then Secretary), 255 Fiserv Drive, Brookfield, Wisconsin 53045, or if to the Executive, at the address set forth below the Executive's signature to this Agreement, or to such other address as the party to be notified shall have theretofore given to the other party in writing.

24. No Waiver. No waiver by either party at any time of any breach by  
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the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

25. Headings. The headings herein contained are for reference only and  
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shall not affect the meaning or interpretation of any provision of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

FISERV, INC.

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

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

EXECUTIVE:

\_\_\_\_\_ (SEAL)

Address: \_\_\_\_\_  
\_\_\_\_\_

2001 ANNUAL REPORT  
FISERV, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

&lt;TABLE&gt;

&lt;CAPTION&gt;

(In thousands, except per share data)  
Years ended December 31,

	2001	2000	1999
<S>	<C>	<C>	<C>
REVENUES	\$1,890,467	\$1,653,606	\$1,407,545
COST OF REVENUES:			
Salaries, commissions and payroll related costs	921,779	792,799	677,226
Data processing expenses, rentals and telecommunication costs	126,360	115,029	111,163
Other operating expenses	377,570	316,638	272,616
Depreciation and amortization of property and equipment	76,701	70,147	63,713
Amortization of intangible assets	35,532	42,812	22,600
Amortization (capitalization) of internally generated computer software-net	(1,172)	1,875	7,142
TOTAL COST OF REVENUES	1,536,770	1,339,300	1,154,460
OPERATING INCOME	353,697	314,306	253,085
Interest expense - net	(12,073)	(22,089)	(19,410)
Realized gain from sale of investment	5,404	7,818	-
INCOME BEFORE INCOME TAXES	347,028	300,035	233,675
Income tax provision	138,811	123,014	95,807
NET INCOME	\$ 208,217	\$ 177,021	\$ 137,868
NET INCOME PER SHARE:			
Basic	\$ 1.11	\$ 0.96	\$ 0.75
Diluted	\$ 1.09	\$ 0.93	\$ 0.73
SHARES USED IN COMPUTING NET INCOME PER SHARE:			
Basic	186,929	184,788	184,714
Diluted	191,584	189,804	190,018

&lt;/TABLE&gt;

See notes to consolidated financial statements.

## CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

December 31,

	2001	2000
ASSETS		
Cash and cash equivalents	\$136,088	\$98,856
Accounts receivable-net	311,217	265,640
Securities processing receivables	1,427,051	2,193,291
Prepaid expenses and other assets	108,003	91,077
Investments	1,885,063	1,796,899
Property and equipment-net	247,748	205,555
Internally generated computer software-net	97,250	88,263
Intangible assets-net	1,109,822	846,739
TOTAL	\$5,322,242	\$5,586,320
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$83,303	\$80,633
Securities processing payables	1,289,479	1,977,323
Short-term borrowings	112,800	19,725
Accrued expenses	241,904	182,090

Accrued income taxes	15,373	22,207
Deferred revenues	171,101	156,668
Customer retirement account deposits	1,420,956	1,525,652
Deferred income taxes	39,407	34,992
Long-term debt	343,093	334,958
	-----	-----
TOTAL LIABILITIES	3,717,416	4,334,248

COMMITMENTS AND CONTINGENCIES

SHAREHOLDERS' EQUITY

Common stock issued, 190,281,000 and 188,078,000 shares, respectively	1,903	1,881
Additional paid-in capital	564,959	454,817
Accumulated other comprehensive income	76,216	78,869
Accumulated earnings	961,748	753,531
Treasury stock, at cost, 2,372,900 shares in 2000	-	(37,026)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	1,604,826	1,252,072
	-----	-----
TOTAL	\$5,322,242	\$5,586,320
	=====	=====

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)

Years ended December 31,

<TABLE>  
<CAPTION>

	2001		2000
	-----		-----
<S>	<C>		<C>
SHARES ISSUED-300,000 AUTHORIZED:			
Balance at beginning of year	125,388		125,388
Shares issued under stock plans-net	248		-
Shares issued for acquired companies	1,955		-
Three-for-two stock split	62,690		-
	-----		-----
Balance at end of year	190,281		125,388
	=====		=====
COMMON STOCK-PAR VALUE \$0.01 PER SHARE:			
Balance at beginning of year	\$1,254		\$1,254
Shares issued under stock plans-net	2		-
Shares issued for acquired companies	20		-
Three-for-two stock split	627		-
	-----		-----
Balance at end of year	1,903		1,254
	-----		-----
ADDITIONAL PAID-IN CAPITAL:			
Balance at beginning of year	455,444		458,550
Shares issued under stock plans-net of income tax benefit	9,442		(3,106)
Shares issued for acquired companies	100,700		-
Three-for-two stock split	(627)		-
	-----		-----
Balance at end of year	564,959		455,444
	-----		-----
ACCUMULATED OTHER COMPREHENSIVE INCOME:			
Balance at beginning of year	78,869		125,026
Unrealized gains (losses) on investments-net of tax \$(39,765)	9,710	\$ 9,710	(39,765)
Reclassification adjustment for realized gains included in net income (5,082)	(3,513)	(3,513)	(5,082)
Fair market value adjustment on derivatives-net of tax	(5,272)	(5,272)	-
-			
Foreign currency translation adjustment (1,310)	(881)	(881)	(1,310)
Other	(2,697)		-
	-----		-----
	76,216		78,869
	-----		-----
ACCUMULATED EARNINGS:			

Balance at beginning of year	753,531		576,510
Net income	208,217	208,217	177,021
177,021			
-----			
Balance at end of year	961,748		753,531
-----			
TREASURY STOCK, AT COST:			
Balance at beginning of year	(37,026)		(70,324)
Purchase of treasury stock	-		(9,884)
Shares issued under stock plans-net	20,655		43,182
Shares issued for acquired companies	16,371		-
-----			
Balance at end of year	-		(37,026)
-----			
TOTAL COMPREHENSIVE INCOME		\$208,261	
\$130,864			
=====			
TOTAL SHAREHOLDERS' EQUITY	\$1,604,826		\$1,252,072
=====			

<CAPTION>

(In thousands)

Years ended December 31,

1999

<S>

<C>

SHARES ISSUED-300,000 AUTHORIZED:

Balance at beginning of year	83,253		
Shares issued under stock plans-net	394		
Shares issued for acquired companies	-		
Three-for-two stock split	41,741		
-----			
Balance at end of year	125,388		
=====			

COMMON STOCK-PAR VALUE \$0.01 PER SHARE:

Balance at beginning of year	\$833		
Shares issued under stock plans-net	4		
Shares issued for acquired companies	-		
Three-for-two stock split	417		
-----			
Balance at end of year	1,254		
-----			

ADDITIONAL PAID-IN CAPITAL:

Balance at beginning of year	448,877		
Shares issued under stock plans-net of income tax benefit	10,090		
Shares issued for acquired companies	-		
Three-for-two stock split	(417)		
-----			
Balance at end of year	458,550		
-----			

ACCUMULATED OTHER COMPREHENSIVE INCOME:

Balance at beginning of year	39,875		
Unrealized gains (losses) on investments-net of tax	85,496	\$85,496	
Reclassification adjustment for realized gains included in net income	-		-
Fair market value adjustment on derivatives-net of tax	-		-
Foreign currency translation adjustment	(345)	(345)	
Other	-		
-----			
Balance at end of year	125,026		
-----			

ACCUMULATED EARNINGS:

Balance at beginning of year	438,642		
Net income	137,868	137,868	
-----			
Balance at end of year	576,510		
-----			

TREASURY STOCK, AT COST:

Balance at beginning of year	(42,430)		
Purchase of treasury stock	(28,713)		
Shares issued under stock plans-net	819		
Shares issued for acquired companies	-		
-----			
Balance at end of year	(70,324)		
-----			

TOTAL COMPREHENSIVE INCOME		\$223,019
		=====
TOTAL SHAREHOLDERS' EQUITY	\$1,091,016	
	=====	

</TABLE>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>

<CAPTION>

(In thousands)

Years ended December 31,

	2001	2000	1999
	-----	-----	-----
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 208,217	\$ 177,021	\$ 137,868
Adjustments to reconcile net income to net cash provided by operating activities:			
Realized gain from sale of investment	(5,404)	(7,818)	-
Deferred income taxes	11,700	4,813	14,183
Depreciation and amortization of property and equipment	76,701	70,147	63,713
Amortization of intangible assets	35,532	42,812	22,600
Amortization of internally generated computer software	35,463	35,883	33,194
	-----	-----	-----
	362,209	322,858	271,558
Changes in assets and liabilities-net of effects from acquisitions of businesses:			
Accounts receivable	(1,656)	(21,153)	18,853
Prepaid expenses and other assets	(10,694)	(179)	(3,299)
Accounts payable and accrued expenses	(7,669)	9,706	14,394
Deferred revenues	6,422	24,844	17,210
Accrued income taxes	15,127	32,674	(1)
Securities processing receivables and payables - net	78,396	215,718	(140,878)
	-----	-----	-----
Net cash provided by operating activities	442,135	584,468	177,837
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(67,974)	(72,979)	(69,697)
Capitalization of internally generated computer software	(36,635)	(34,008)	(26,052)
Payment for acquisitions of businesses-net of cash acquired	(224,842)	(88,764)	(210,587)
Investments	(72,571)	136,726	(209,011)
	-----	-----	-----
Net cash used in investing activities	(402,022)	(59,025)	(515,347)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from (repayments of) short-term borrowings-net	93,075	(214,625)	119,226
Proceeds from long-term debt	1,800	5,004	103,523
Repayments of long-term debt	(8,113)	(143,899)	(52,790)
Issuance of common stock	15,053	20,576	5,913
Purchases of treasury stock	-	(9,884)	(28,713)
Customer retirement account deposits	(104,696)	(164,313)	199,347
	-----	-----	-----
Net cash (used in) provided by financing activities	(2,881)	(507,141)	346,506
Change in cash and cash equivalents	37,232	18,302	8,996
Beginning balance	98,856	80,554	71,558
	-----	-----	-----
Ending balance	\$ 136,088	\$ 98,856	\$ 80,554
	=====	=====	=====

</TABLE>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2001, 2000 and 1999

NOTE 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 2001 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 retirement account deposits, short-term borrowings and accrued expenses approximate the carrying value 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 borrowings 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. Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, which requires that all derivative instruments be reported on the balance sheet at fair value. If the derivative instrument is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative instrument are either recognized in net income or in other comprehensive income until the hedged item is recognized in net income. The adoption of SFAS No. 133 on January 1, 2001, did not have a significant effect on the consolidated financial statements. The Company's accounting method for derivative financial instruments is based upon the designation of such instruments as hedges under accounting principles generally accepted in the United States of America. 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 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 \$101,610,000, \$124,338,000 and \$88,458,000, net of direct credits to customer accounts of \$45,154,000, \$94,133,000 and \$63,519,000 in 2001, 2000 and 1999, respectively. Revenues from software license fees 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. Consulting revenues are recognized as the related services are provided.

#### 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:

(In thousands)	2001	2000
	-----	-----
RECEIVABLES:		
Securities failed to deliver	\$ 39,611	\$ 17,974
Securities borrowed	706,918	1,101,261
Receivables from customers	649,252	1,036,114
Other	31,270	37,942
	-----	-----
TOTAL	\$1,427,051	\$2,193,291
	=====	=====
PAYABLES:		
Securities failed to receive	\$ 50,563	\$ 19,558
Securities loaned	797,619	1,405,107
Payables to customers	354,515	462,485
Other	86,782	90,173
	-----	-----
TOTAL	\$1,289,479	\$1,977,323
	=====	=====

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 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 \$1,420,956,000 and \$1,525,652,000 as of December 31, 2001 and 2000, respectively. Trust account investments in government agency and certain fixed income obligations have an average duration of approximately two years and three months at December 31, 2001. These investments are held to maturity and carried at amortized cost as the Company has the ability and intent to hold these investments to maturity.

Available for sale equity investments are carried at market, based upon quoted market prices. Unrealized gains or losses on available for sale equity investments are accumulated in shareholders' equity as other comprehensive income, net of related deferred income taxes. Related gross unrealized gains were \$142,224,000 and \$134,270,000 as of December 31, 2001 and 2000, respectively. Realized gains or losses are computed based on specific identification of the equity investments sold.

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

<TABLE>

<CAPTION>

(In thousands)	2001		2000	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
U.S. Government and government agency obligations	\$ 986,531	\$ 998,026	\$ 737,291	\$ 741,699
Other fixed income obligations	600,156	613,621	760,824	766,278
Total held to maturity investments	1,586,687	1,611,647	1,498,115	1,507,977
Available for sale equity investments	145,417	145,417	137,100	137,100
Money market mutual funds	115,901	115,901	142,467	142,467
Other investments	37,058	37,058	19,217	19,217
TOTAL	\$1,885,063	\$1,910,023	\$1,796,899	\$1,806,761

</TABLE>

#### 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:

(In thousands)	2001	2000
Data processing equipment	\$279,714	\$232,597
Purchased software	113,205	98,033
Buildings and leasehold improvements	105,416	89,799
Furniture and equipment	134,494	111,615
	632,829	532,044
Less accumulated depreciation and amortization	385,081	326,489
TOTAL	\$247,748	\$205,555

#### INTERNALLY GENERATED COMPUTER SOFTWARE

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. Costs are capitalized commencing when the technological feasibility of the software has been established. Amortization of capitalized costs is computed on a straight-line basis over the expected useful life of the product, generally three to five years. Routine maintenance of software products, design costs and development costs incurred prior to establishment of a product's technological feasibility are expensed as incurred.

#### INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

(In thousands)	2001	2000
Goodwill	\$1,146,112	\$843,658
Other	156,825	151,299
	1,302,937	994,957
Less accumulated amortization	193,115	148,218
TOTAL	\$1,109,822	\$846,739



The excess of the purchase price over the estimated fair value of tangible and identifiable intangible assets acquired is recorded as goodwill and is generally amortized over 40 years using the straight-line method prior to the adoption of recent accounting pronouncements. Other intangible assets consist primarily of computer software, contract rights, customer bases and trademarks applicable to acquired businesses. These assets are generally amortized using the straight-line method over their estimated useful lives, ranging from three to 35 years.

#### 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, equipment and intangible assets. Measurement of any impairment loss is based on discounted operating cash flows. During 2000, the Company recorded a charge of \$11,000,000 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 \$112,800,000 and \$19,725,000 as of December 31, 2001 and 2000, respectively, which bear interest at an average rate of 1.8% as of December 31, 2001, and were collateralized by investments and customers' margin account securities.

#### INCOME TAXES

The consolidated financial statements are prepared on the accrual method of accounting. 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. Net income per share for prior years has been restated to reflect a three-for-two stock split effective in August 2001.

#### 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 common stock held. The stock purchase rights are not exercisable until certain events occur.

#### SUPPLEMENTAL CASH FLOW INFORMATION

<TABLE>

<CAPTION>

(In thousands)

	2001	2000	1999
<S>	<C>	<C>	<C>
Interest paid	\$ 19,469	\$ 29,346	\$ 26,075
Income taxes paid	117,443	87,633	81,499
Liabilities assumed in acquisitions of businesses	68,833	401,129	246,120

</TABLE>

#### RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141 "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually. The Company will adopt SFAS No. 142 on January 1, 2002. The Company anticipates that the effect of adopting SFAS No. 142 will increase diluted net income per share by approximately \$0.09 in 2002, due to eliminating the annual amortization expense and related tax effects associated with existing goodwill and intangible assets with indefinite lives. The Company has not yet completed its assessment of the additional effects of adopting SFAS No. 142, but anticipates that there will not be a material impact on the consolidated financial statements, other than the elimination of amortization expense and related tax effects discussed above.

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses the financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. The Company will adopt SFAS No. 144 on January 1, 2002. The Company anticipates that the adoption of this statement will not have a material impact on the consolidated financial statements.

NOTE 2. Acquisitions

During 2001, 2000 and 1999 the Company completed the following acquisitions:

<TABLE>  
<CAPTION>

Company	Month Acquired	Service	Consideration
<S>	<C>	<C>	<C>
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.	Loan 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
1999:			
QuestPoint	Jan.	Item processing	Cash for assets
Eldridge & Associates	Feb.	PC-based financial systems	Cash for assets
RF/Spectrum Decision Science Corp.	Feb.	Software and services	Cash for stock
FIPSCO, Inc.	Mar.	Insurance marketing systems	Cash for stock
Progressive Data Solutions, Inc./ Infinity Software Systems, Inc.	Apr.	Insurance software systems	Cash for stock
JWGenesis Clearing Corporation	June	Securities services	Cash for stock
Alliance ADS	June	Imaging technology	Cash for assets
Envision Financial Technologies, Inc.	Aug.	Data processing	Cash for stock
Pinehurst Analytics, Inc.	Oct.	PC-based financial systems	Cash for assets
Humanic Design Corporation	Dec.	Software and services	Cash for stock

</TABLE>

The acquisitions were accounted for as purchases and, accordingly, the operations of the acquired companies were included in the consolidated financial statements since their respective dates of acquisition as set forth above. Net cash paid in connection with these acquisitions was \$224,842,000, \$88,764,000 and \$210,587,000 in 2001, 2000 and 1999, respectively, subject to certain adjustments and contingent payments. The Company may be required to pay additional cash and common stock consideration for the 2001 acquisitions, if certain of the acquired entities achieve specific escalating operating income targets during the next four years, up to a maximum cumulative payment of \$190,000,000. Any additional consideration will be treated as additional purchase price. In addition to cash consideration, the Company also issued in conjunction with two of the acquisitions in 2001 approximately 3,050,000 unregistered shares of its common stock, valued at approximately \$117,000,000. The Company has made preliminary purchase price allocations for its 2001 acquisitions resulting in the recording of goodwill of approximately \$300,000,000, however, these initial estimates need to be refined. The Company anticipates finalizing the purchase price allocations within one year of each acquisition.

If the acquisitions completed in 2001 had been completed on January 1, 2000, the Company's unaudited pro forma revenues would have approximated \$2,177,000,000 and \$1,973,000,000 in 2001 and 2000, respectively. The Company's unaudited pro forma net income and net income per share - diluted would not have been significantly different from the amounts originally reported.

NOTE 3. Long-term debt

The Company has available a \$497,500,000 unsecured line of credit and commercial paper facility with a group of banks, of which \$214,000,000 was in use at December 31, 2001. The credit facilities, which expire in May 2004, are comprised of a \$250,000,000 five-year revolving credit facility and a \$247,500,000 364-day revolving credit facility which is renewable annually through 2004. There were no significant commitment fees or compensating balance requirements under these facilities. The loan agreements covering the Company's long-term borrowings contain certain restrictive covenants with which the Company was in compliance at December 31, 2001. As of December 31, 2001, 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 \$200,000,000 until 2005.

As of December 31, 2001, the Company has available \$100,000,000 in additional unsecured lines of credit, of which \$52,000,000 was in use at an average variable rate of 2.3%.

The carrying value and estimated fair values of the Company's long-term debt and interest rate swap agreements at December 31, 2001 and 2000, are as follows:

	2001		2000	
Estimated (In thousands) Value <S>	Carrying Value <C>	Estimated Fair Value <C>	Carrying Value <C>	Fair Value <C>
8.00% senior notes payable, due 2002-2005 \$ 65,692	\$ 51,428	\$ 56,871	\$ 64,286	
Bank notes and commercial paper, at short-term rates 270,672	291,665	291,665	270,672	
-----				
Long-term debt \$336,364	\$343,093	\$348,536	\$334,958	
=====				
Interest rate swap agreements \$ 4,493	\$ 13,062	\$ 13,062	-	
=====				

Annual principal payments required under the terms of the long-term debt agreements were as follows at December 31, 2001: (In thousands)

Years ending December 31,	
2002	\$ 48,409
2003	15,660
2004	265,169
2005	13,855
	-----
TOTAL	\$343,093
	=====

Interest expense with respect to long-term debt was approximately \$20,159,000, \$28,823,000 and \$25,111,000 in 2001, 2000 and 1999, respectively.

#### NOTE 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, 2001, is as follows:

(In thousands) 1999	2001	2000
-----		
<S>	<C>	<C>
Statutory federal tax rate 35%	35%	35%
Tax computed at statutory rate \$81,786	\$121,460	\$105,012
State income taxes net of federal effect 9,375	12,033	11,156
Non-deductible amortization 3,161	4,219	3,887
Other	1,099	2,959

1,485

-----		
TOTAL	\$138,811	\$123,014
\$95,807		

<CAPTION>

The provision for income taxes consisted of the following:

(In thousands) 1999	2001	2000
-----		
<S>	<C>	<C>
<C>		
Current:		
Federal	\$108,993	\$101,906
\$69,250		
State	18,118	16,295
12,374		
-----		
	127,111	118,201
81,624		
-----		
Deferred:		
Federal	10,752	4,425
11,833		
State	948	388
2,350		
-----		
	11,700	4,813
14,183		
-----		
TOTAL	\$138,811	\$123,014
\$95,807		

</TABLE>

Significant components of the Company's net deferred tax (liability) asset consisted of the following at December 31:

<TABLE>

<CAPTION>

(In thousands)

	2001	2000
<S>	<C>	<C>
Purchased incomplete software technology	\$ 37,477	\$ 43,051
Accrued expenses not currently deductible	33,671	27,380
Deferred revenues	11,916	15,494
Internally generated capitalized software	(31,641)	(30,373)
Excess of tax over book depreciation and amortization	(29,739)	(25,413)
Unrealized gains on investments	(55,467)	(53,722)
Other	(5,624)	(11,409)
TOTAL	\$ (39,407)	(\$34,992)

</TABLE>

Tax benefits associated with the exercise of non-qualified employee stock options were credited directly to additional paid-in capital and amounted to \$15,000,000, \$19,500,000 and \$5,000,000 in 2001, 2000 and 1999, respectively.

NOTE 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 shares awarded under the Plan may be purchased annually and expire 10 years from the date of the award. Changes in stock options outstanding are as follows:

<TABLE>

<CAPTION>

Weighted

	Number of Shares	Average Exercise Price
<S>	<C>	<C>
Outstanding, December 31, 1998	12,685,310	\$ 9.71
Granted	2,302,904	20.63
Forfeited	(525,140)	18.28
Exercised	(868,647)	8.32
Outstanding, December 31, 1999	13,594,427	11.26
Granted	1,791,981	21.48
Forfeited	(625,236)	19.18
Exercised	(2,303,616)	8.85
Outstanding, December 31, 2000	12,457,556	12.76
Granted	2,277,308	36.99
Forfeited	(386,366)	18.18
Exercised	(1,345,341)	8.68
Outstanding, December 31, 2001	13,003,157	\$17.18

</TABLE>

The following summarizes information about the Company's stock options outstanding and exercisable at December 31, 2001:

		Options		
Outstanding		and		
Exercisable				
		Options Outstanding		
		Weighted	Weighted Average	
Weighted	Range of	Average	Remaining	Number of
Average	Exercise Prices	Exercise Price	Contractual Life	Shares
Exercise Price				
<S>	<C>	<C>	<C>	<C>
<C>				
\$1.84 - \$ 9.04	3,965,650	\$ 6.48	2.6	3,965,650
\$ 6.48				
9.32 - 19.67	3,862,265	14.16	5.7	3,150,325
13.82				
20.14 - 40.34	5,175,242	27.63	8.3	1,912,961
24.22				
\$ 1.84 - \$40.34	13,003,157	\$17.18	5.8	9,028,936
\$12.80				

</TABLE>

At December 31, 2001, options to purchase 9,943,900 shares were available for grant under the Plan. The Company has accounted for its stock-based compensation plans in accordance with the provisions of Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees." 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 SFAS No.123, "Accounting for Stock-Based Compensation," the Company's net income and net income per share - diluted would have been changed to the pro forma amounts indicated below:

(In thousands, except per share data)

	2001	2000	1999
<S>	<C>	<C>	<C>
Net income:			
As reported	\$208,217	\$177,021	\$137,868
Pro forma	194,817	167,321	131,868
Net income per share-diluted:			
As reported	\$ 1.09	\$ 0.93	\$ 0.73
Pro forma	1.02	0.88	0.69

</TABLE>

The fair value of each stock option granted in 2001, 2000 and 1999 was estimated

on the date of grant using the Black-Scholes pricing model with the following weighted average assumptions:

<TABLE>  
<CAPTION>

	2001 -----	2000 -----	1999 -----
<S>	<C>	<C>	<C>
Expected life (in years)	5.0	5.0	5.0
Risk-free interest rate	4.6%	5.0%	6.0%
Volatility	49.8%	48.6%	41.8%
Dividend yield	0.0%	0.0%	0.0%

The weighted-average estimated fair value of stock options granted during 2001, 2000 and 1999 was \$18.02, \$10.72 and \$8.79 per share, respectively.

#### EMPLOYEE STOCK PURCHASE PLAN

Effective January 1, 2000, the Company adopted an employee stock purchase plan under which 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, 2002, there were 999,600 shares available for grant under this plan.

#### EMPLOYEE SAVINGS PLAN

The Company and its subsidiaries have contributory 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. Contributions charged to operations under these plans approximated \$35,300,000, \$30,400,000 and \$24,000,000 in 2001, 2000 and 1999, respectively.

#### NOTE 6. Restructuring and Other Charges

In the second quarter of 2001, the Company recorded \$12,300,000 of pre-tax charges consisting of severance and related termination benefits (\$3,800,000), future lease and other contractual obligations (\$6,200,000), and the disposal and write-down of assets (\$2,300,000). These charges relate to management's plan to improve overall business efficiencies by consolidating the Company's securities processing operations and eliminating duplicate operational functions. As of December 31, 2001, the remaining accrued expenses related to these charges were \$6,200,000.

#### NOTE 7. Leases, other commitments and contingencies

##### LEASES

Future minimum rental payments on various operating leases for office facilities and equipment were due as follows as of December 31, 2001:

(In thousands)

Years Ending December 31,	
2002	\$ 77,087
2003	66,838
2004	55,208
2005	41,763
2006	30,323
Thereafter	68,135
	-----
TOTAL	\$339,354
	=====

Rent expense applicable to all operating leases was approximately \$87,100,000, \$83,100,000 and \$78,600,000 in 2001, 2000 and 1999, respectively.

#### OTHER COMMITMENTS AND CONTINGENCIES

The Company's trust administration subsidiaries had fiduciary responsibility for the administration of approximately \$29 billion in trust funds as of December 31, 2001. With the exception of the trust account investments discussed in Note 1, such amounts are not included in the accompanying consolidated balance sheets.

The Company's securities processing subsidiaries are subject to the Uniform Net Capital Rule of the Securities and Exchange Commission. At December 31, 2001, the aggregate net capital of such subsidiaries was \$143,825,000, exceeding the net capital requirement by \$128,944,000.

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. 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.

NOTE 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: 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 in the period ended December 31, 2001, is as follows:

<TABLE>  
<CAPTION>

(In thousands)

	2001	2000	1999
	-----	-----	-----
<S>	<C>	<C>	<C>
Revenues:			
Financial institution outsourcing, systems and services	\$ 1,544,721	\$ 1,243,509	\$ 1,066,514
Securities processing and trust services	273,504	341,155	276,215
All other and corporate	72,242	68,942	64,816
	-----	-----	-----
Total	\$ 1,890,467	\$ 1,653,606	\$ 1,407,545
	-----	-----	-----
Operating income:			
Financial institution outsourcing, systems and services	\$ 321,193	\$ 218,935	\$ 175,194
Securities processing and trust services	35,673	97,125	80,125
All other and corporate	(3,169)	(1,754)	(2,234)
	-----	-----	-----
Total	\$ 353,697	\$ 314,306	\$ 253,085
	-----	-----	-----
Identifiable assets:			
Financial institution outsourcing, systems and services	\$ 1,648,196	\$ 1,185,819	\$ 1,169,666
Securities processing and trust services	3,417,789	4,160,939	3,832,868
All other and corporate	256,257	239,562	305,176
	-----	-----	-----
Total	\$ 5,322,242	\$ 5,586,320	\$ 5,307,710
	-----	-----	-----
Depreciation expense:			
Financial institution outsourcing, systems and services	\$ 58,046	\$ 52,191	\$ 48,407
Securities processing and trust services	12,659	11,395	9,510
All other and corporate	5,996	6,561	5,796
	-----	-----	-----
Total	\$ 76,701	\$ 70,147	\$ 63,713
	-----	-----	-----
Amortization of intangible assets:			
Financial institution outsourcing, systems and services	\$ 23,127	\$ 32,847	\$ 18,843
Securities processing and trust services	11,538	9,104	3,040
All other and corporate	867	861	717
	-----	-----	-----
Total	\$ 35,532	\$ 42,812	\$ 22,600
	-----	-----	-----
Capital expenditures:			
Financial institution outsourcing, systems and services	\$ 55,648	\$ 54,750	\$ 52,724
Securities processing and trust services	8,234	12,836	12,119
All other and corporate	4,092	5,393	4,854
	-----	-----	-----
Total	\$ 67,974	\$ 72,979	\$ 69,697

</TABLE>

The revenues of each segment were principally domestic, and no single customer accounted for 10% or more of consolidated revenues during the years ended December 31, 2001, 2000 and 1999.

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

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the relative percentage which certain items in the Company's consolidated statements of income bear to revenues and the percentage change in those items from period to period.

<TABLE>  
<CAPTION>

	Percentage of Revenues Years Ended December 31,			Period to Period Percentage Increase (Decrease) 2001 vs. 2000 vs. 2000 1999	
	2001	2000	1999	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	100.0%	100.0%	100.0%	14%	17%
Cost of revenues:					
Salaries, commissions and payroll related costs	48.8	48.0	48.1	16	17
Data processing expenses, rentals and telecommunication costs	6.7	7.0	7.9	10	3
Other operating expenses	20.0	19.1	19.4	19	16
Depreciation and amortization of property and equipment	4.0	4.2	4.5	9	10
Amortization of intangible assets	1.9	2.6	1.6	(17)	89
Amortization (capitalization) of internally generated computer software-net	(0.1)	0.1	0.5		
Total cost of revenues	81.3	81.0	82.0	15	16
Operating income	18.7%	19.0%	18.0%	13%	24%
Income before income taxes	18.4%	18.1%	16.6%	16%	28%
Net income	11.0%	10.7%	9.8%	18%	28%

</TABLE>

Revenues increased \$236,861,000 in 2001 and \$246,061,000 in 2000. In 2001 and 2000, approximately 50% and 60% of the revenue growth, respectively, was derived from sales to new clients, cross-sales to existing clients, increases in transaction volumes from existing clients and price increases, with the remaining revenue growth from acquired businesses. Revenue growth in 2001 was positively impacted by strong growth of \$301,212,000 compared to 2000 in the Financial institution outsourcing, systems and services segment, which is the Company's main operating segment. In addition, revenue growth was negatively impacted by the Securities processing and trust services segment, primarily due to significantly lower transaction volumes due to overall weakness in the United States retail financial markets in 2001. Revenues for the Securities processing and trust services segment decreased \$79,651,000 in 2001 compared to 2000, excluding a \$12,000,000 termination fee received in 2001 from a broker-dealer customer acquired by a third party.

Cost of revenues increased \$197,470,000 in 2001 and \$184,840,000 in 2000. The make-up of cost of revenues has been affected in all years by business acquisitions, changes in the mix of the Company's business and operational efficiencies. In 2001, the Company recorded charges of \$12,300,000, as explained in Note 6 of the accompanying consolidated financial statements.

Amortization of intangible assets decreased \$7,280,000 in 2001 and increased \$20,212,000 in 2000. The decrease in amortization in 2001 compared to 2000 was due primarily to an impairment charge recorded in the second quarter of 2000, offset by amortization associated with acquisitions completed prior to June 30, 2001. The increase in amortization in 2000 compared to 1999 was due to amortization associated with acquisitions and the goodwill impairment charge.

Operating income increased \$39,391,000 in 2001 and \$61,221,000 in 2000. The Company's operating income and margins were negatively impacted in 2001 primarily due to reduced operating income and margins in the Company's Securities processing and trust services segment.

The effective income tax rate was 40% in 2001 and 41% in 2000 and 1999. The



effective income tax rate for 2002 is expected to decline from 40% to 39% due to the impact of adopting SFAS No. 142.

Net income per share - diluted (excluding realized gain from sale of investment) was \$1.07 in 2001 compared to \$0.91 in 2000.

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 its 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.

#### SEGMENT INFORMATION

The following table sets forth revenue and operating income by business segment for the years ended December 31:

<TABLE>  
<CAPTION>  
(In thousands)

	2001	2000	1999
<S>	<C>	<C>	<C>
Revenues:			
Financial institution outsourcing, systems and services	\$1,544,721	\$1,243,509	\$1,066,514
Securities processing and trust services	273,504	341,155	276,215
All other and corporate	72,242	68,942	64,816
Total	\$1,890,467	\$1,653,606	\$1,407,545
Operating income:			
Financial institution outsourcing, systems and services	\$321,193	\$218,935	\$175,194
Securities processing and trust services	35,673	97,125	80,125
All other and corporate	(3,169)	(1,754)	(2,234)
Total	\$353,697	\$314,306	\$253,085

</TABLE>

Revenues in the Financial institution outsourcing, systems and services business segment increased \$301,212,000 in 2001 and \$176,995,000 in 2000. Revenue growth in 2001 and 2000 was derived from sales to new clients, cross-sales to existing clients, growth in the transaction volume experienced by existing clients, price increases and revenues from acquired businesses. Operating income in the Financial institution outsourcing, systems and services business segment increased \$102,258,000 and \$43,741,000 in 2001 and 2000, respectively. Operating income and margin increases in 2001 and 2000 over prior periods were primarily due to continued revenue growth, operational efficiencies, increased operating leverage of existing operations and the impact of certain acquisitions.

Revenues in the Securities processing and trust services business segment decreased \$67,651,000 in 2001 and increased \$64,940,000 in 2000. The revenue decrease in 2001 compared to 2000 was primarily related to significantly lower transaction volumes in the Securities processing and trust services segment due to overall weakness in the United States retail financial markets in 2001, partially offset by a termination fee of \$12,000,000 received in the second quarter of 2001 from a broker-dealer customer acquired by a third party. Revenue growth in 2000 compared to 1999 was derived primarily from increased transaction volumes from existing clients, sales to new clients and revenues from acquired businesses. Operating income in the Securities processing and trust services business segment decreased \$61,452,000 in 2001 and increased \$17,000,000 in 2000. In the second quarter of 2001, the segment recorded charges of \$12,300,000, as previously explained. Operating income and margins were lower in 2001 when compared to 2000 due primarily to reduced transaction volumes for securities processing services due to overall weakness in the United States retail financial markets in 2001.

#### LIQUIDITY AND CAPITAL RESOURCES

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

<TABLE>  
<CAPTION>  
(In thousands)

	2001	2000	1999

<S>	<C>	<C>	<C>
Cash provided by operating activities before changes in securities processing receivables and payables-net	\$ 363,739	\$ 368,750	\$ 318,715
Securities processing receivables and payables-net	78,396	215,718	(140,878)
	-----	-----	-----
Cash provided by operating activities	442,135	584,468	177,837
Increase (decrease) in net borrowings	86,762	(353,520)	169,959
	-----	-----	-----
TOTAL	\$ 528,897	\$ 230,948	\$ 347,796
	=====	=====	=====

</TABLE>

The Company has used a significant portion of its cash flow from operations for acquisitions and capital expenditures with any remainder used to reduce long-term debt.

The Company's strategy includes the acquisition of complementary businesses financed by a combination of internally generated funds and borrowings from the Company's credit facilities. The Company believes that its cash flow from operations together with other available sources of funds will be adequate to meet its funding requirements. In the event that the Company makes significant future acquisitions, however, it may raise funds through additional borrowings or the issuances of securities.

The Company's 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 4,875,000 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, 2001, approximately 2,771,000 shares remained available under the repurchase authorization.

#### MARKET RISK FACTORS

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, 2001, 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 two years and three months.

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. Based on the controls in place, management believes the risks associated with these financial instruments at December 31, 2001, will not have a material effect on the Company's consolidated financial position or 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. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included in this Annual Report will prove to be accurate. 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.

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.

	2001	2000	1999	1998
-----				
<S>	<C>	<C>	<C>	<C>
<C>				
Revenues	\$1,890,467	\$1,653,606	\$1,407,545	\$1,233,670
\$974,432				
Income before income taxes	347,028	300,035	233,675	193,684
153,899				
Income tax provision	138,811	123,014	95,807	79,410
63,099				
Net income	208,217	177,021	137,868	114,274
90,800				
Net income per share:				
Basic	\$1.11	\$0.96	\$0.75	\$0.62
\$0.52				
-----				
Diluted	\$1.09	\$0.93	\$0.73	\$0.60
\$0.50				
-----				
Diluted (excluding realized gain from sale of investment)	\$1.07	\$0.91	\$0.73	\$0.60
\$0.50				
-----				
Total assets	\$5,322,242	\$5,586,320	\$5,307,710	\$3,958,338
\$3,636,491				
Long-term debt	343,093	334,958	472,824	389,622
252,031				
Shareholders' equity	1,604,826	1,252,072	1,091,016	885,797
769,255				

The above information has been restated to recognize three-for-two stock splits effective in August 2001, April 1999 and May 1998.

QUARTERLY FINANCIAL INFORMATION (Unaudited)

	Quarters				
	First	Second	Third	Fourth	Total
2001					
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Revenues	\$453,912	\$472,646	\$467,173	\$496,736	\$1,890,467
Cost of revenues	367,307	384,267	377,958	407,238	1,536,770
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
-----					
2000					
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Revenues	\$396,402	\$416,434	\$406,189	\$434,581	\$1,653,606
Cost of revenues	317,448	337,046	327,966	356,840	1,339,300
Operating income	78,954	79,388	78,223	77,741	314,306

Interest expense - net	(5,806)	(6,000)	(5,295)	(4,988)	(22,089)
Realized gain from sale of investment	-	2,928	2,907	1,983	7,818
Income before income taxes	73,148	76,316	75,835	74,736	300,035
Income tax provision	29,991	31,289	31,093	30,641	123,014
Net income	\$43,157	\$45,027	\$44,742	\$44,095	\$177,021
Net income per share:					
Basic	\$0.23	\$0.24	\$0.24	\$0.24	\$0.96
Diluted	\$0.23	\$0.24	\$0.23	\$0.23	\$0.93
Diluted (excluding realized gain from sale of investment)	\$0.23	\$0.23	\$0.22	\$0.22	\$0.91

</TABLE>

#### MARKET PRICE INFORMATION

The following information relates to the closing price of the Company's \$.01 par value 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.

Quarter Ended	2001		2000	
	High	Low	High	Low
March 31	\$38.00	\$29.58	\$25.67	\$16.21
June 30	42.65	30.29	33.58	22.46
September 30	42.12	32.72	42.75	28.46
December 31	44.39	31.93	41.75	28.96

At December 31, 2001, the Company's common stock was held by 2,842 shareholders of record. It is estimated that an additional 40,000 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, 2002, was \$43.30 per share.

#### MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The management of Fiserv, Inc. assumes responsibility for the integrity and objectivity of the information appearing in the 2001 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 financial statements of the Company in accordance with auditing standards generally accepted in the United States of America. Their audit includes 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, 2001 and 2000, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2001. 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, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

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Deloitte & Touche LLP  
Milwaukee, Wisconsin  
January 25, 2002

## SUBSIDIARIES OF THE REGISTRANT

&lt;TABLE&gt;

&lt;CAPTION&gt;

Name under which Subsidiary does Business <S>	State (Country) of Incorporation <C>
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
BHC Investments, Inc.	Delaware
BHC Trading Corp.	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	New South Wales
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 FSC, Inc.	California
Fiserv Federal Systems, Inc.	Delaware
FIserv Fresno, Inc.	California
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
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

&lt;/TABLE&gt;

&lt;TABLE&gt;

&lt;CAPTION&gt;

Name under which Subsidiary does Business <S>	State (Country) of Incorporation <C>
Fiserv Solutions, Inc.	Wisconsin
The Freedom Group, Inc.	Iowa
Harrington Benefit Services, Inc.	Delaware
HEC Newbridge Insurance Services, Inc.	Texas
HEPSIIAN LLC	Delaware
ILS Title Agency, LLC	Delaware
ILS Services, LLC	Delaware
Information Technology, Inc.	Nebraska
ITI of Nebraska, Inc.	Nebraska
J.O. One, Ltd.	Texas
Life Instructors, Inc.	New Jersey
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
TPA.com, Inc.	Delaware
TradeStar Investments, Inc.	Delaware
Trewit Inc.	Delaware

Trust Industrial Bank  
USERS Incorporated  
XP Systems Corporation

Colorado  
Maryland  
Minnesota

</TABLE>

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 333-64353, 333-04417, 333-28121, 333-34310, 333-34396 and 333-89957 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 25, 2002, appearing in and incorporated by reference in this Annual Report on Form 10-K of Fiserv, Inc. for the year ended December 31, 2001.

/s/ Deloitte & Touche LLP  
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DELOITTE & TOUCHE LLP  
Milwaukee, Wisconsin  
February 26, 2002