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CONCORD EFS INC
Form 10-K/A
June 18, 2001

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000
Commission file number 0-13848

CONCORD EFS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-2462252
(I.R.S. Employer Identification Number)

2525 Horizon Lake Drive, Suite 120, Memphis, Tennessee 38133
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (901) 371-8000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock,
\$0.33 1/3 Par Value

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 registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant on March 16, 2001 was \$10,511,553,446.

The number of shares of the registrant's Common Stock outstanding as of March 16, 2001 was 242,078,626.

DOCUMENTS INCORPORATED BY REFERENCE

Filings made by companies with the Securities and Exchange Commission (SEC) sometimes "incorporate information by reference." This means that the company is referring you to information that was previously filed with the SEC, and this information is considered to be part of the filing you are reading. The

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following materials are incorporated by reference into this Form 10-K/A:

- . Information contained in our Annual Report to Stockholders for the year ended December 31, 2000, is incorporated by reference in response to Items 1, 6, 7, 7A and 8.
- . Information contained in our Proxy Statement for the Annual Meeting of Stockholders held May 24, 2001 is incorporated by reference in response to Items 10, 11, 12 and 13.

Item 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS hereby is amended to read in its entirety as follows:

Item 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Price Range of Common Stock

Our common stock trades on the Nasdaq National Market under the symbol "CEFT." The following table sets forth, for the periods presented, the range of high and low sales prices per share of our common stock, as reported on the Nasdaq National Market.

	Common Stock Price	
	High	Low
Year ended December 31, 1999		
First Quarter.....	\$ 27.96	\$ 16.92
Second Quarter.....	28.25	18.79
Third Quarter.....	27.50	19.83
Fourth Quarter.....	33.50	19.38
Year ended December 31, 2000		
First Quarter.....	28.00	15.31
Second Quarter.....	29.13	18.63
Third Quarter.....	36.50	25.69
Fourth Quarter.....	48.13	33.00

As of May 25, 2001, we had approximately 575 holders of record of common stock.

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Dividend Policy

We have never paid cash dividends on our capital stock. It is our present policy to retain earnings to finance our operations and growth, and we do not expect to pay any dividends in the foreseeable future.

Recent Issuances of Unregistered Securities

In February 1999, in connection with its acquisition of Electronic Payment Services, Concord issued 45.1 million shares of its common stock to the former stockholders of Electronic Payment Services in a transaction not registered under the Securities Act of 1933. The transaction was exempt from registration under Section 4(2) of the Securities Act. The unregistered shares were subsequently registered and resold in a transaction in June of 1999.

In February 2001, in connection with its acquisition of STAR, Concord

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issued approximately 24.8 million shares of its common stock to the former stockholders of STAR in a transaction not registered under the Securities Act of 1933. The transaction was exempt from registration under Section 4(2) of the Securities Act. Concord currently expects that it will engage in a disciplined process in 2001 to eliminate this stock overhang.

Item 11. EXECUTIVE COMPENSATION hereby is amended to read in its entirety as follows:

Item 11. EXECUTIVE COMPENSATION

Information included under the captions "Compensation of Directors" and "Executive Compensation" in our Proxy Statement for the Annual Meeting of Stockholders to be held on May 24, 2001 is incorporated herein by reference.

Compensation Committee Interlocks and Insider Participation

Mr. Altenbern, Mr. Mooney and Mr. Whittington are members of the Compensation Committee, none of whom is or was an executive officer or employee of Concord. No Concord officer served on the compensation committee of the board of any entity with an executive officer serving on Concord's Board of Directors.

Mr. Altenbern owns approximately 16% of the outstanding stock of Payroll Company, Inc., and his son owns 11%. In addition, his son-in-law, the president of Payroll Company, owns 26% of the outstanding stock. On March 30, 2001, Payroll Company purchased from Concord EFS, Inc. all of the issued and outstanding common stock of Pay Systems of America, Inc. for \$2,200,000, of which \$800,000 was paid at closing with an additional \$1,400,000 to be paid pursuant to the terms of a promissory note. Outstanding amounts under the promissory note bear interest at 6%. The promissory note provides for principal payments of \$700,000 on March 30, 2002 and March 30, 2003, together with accrued but unpaid interest. The payment of the \$1,400,000 promissory note has been unconditionally guaranteed by Mr. Altenbern. In addition, Concord EFS was a guarantor of two lease agreements entered into by Pay Systems of America. The landlords have not released Concord EFS from its obligations

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under these lease agreements and Payroll Company and Mr. Altenbern have guaranteed the obligations of Pay Systems of America and have agreed to indemnify and hold Concord EFS harmless from all losses, costs and damages as a result of PaySystems of America's failure to perform all of its obligations under these lease agreements.

The agreement pursuant to which Payroll Company purchased the outstanding common stock of Pay Systems of America provides that Concord or its affiliates will provide certain transition services for Pay Systems of America, including (i) the provision without charge of voice mail and e-mail services for 60 days and the reimbursement of up to \$50,000 of the costs of Pay Services of America for implementing new voice mail and e-mail systems, (ii) the provision without charge for two calendar years of certain processing services for funds transfer for direct deposit of payroll checks for customers of Pay Systems of America, (iii) the completion and delivery of a software program and a copy of all source code and documentation without charge, (iv) the provision of certain depository services, (v) the provision without charge through September 30, 2001 of certain data processing services and (vi) the provision without charge of certain software programs and, through December 31, 2001, of certain services for purchasing and loading terminals.

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Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K hereby is amended to read in its entirety as follows:

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. FINANCIAL STATEMENTS

The following financial statements are incorporated by reference from pages 19 to 46 of our Annual Report to Stockholders for the fiscal year ended December 31, 2000, as provided in Item 8 hereof:

- . Report of Independent Auditors
- . Consolidated Balance Sheets as of December 31, 2000 and 1999
- . Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998
- . Consolidated Statements of Stockholders' Equity for the years ended December 31, 2000, 1999 and 1998
- . Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998
- . Notes to Consolidated Financial Statements as of December 31, 2000

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Quarterly results of operations for the years ended December 31, 2000 and 1999 under the caption "Note U - Quarterly Financial Results (Unaudited)" on page 45 of the Annual Report to Stockholders are incorporated herein by reference.

2. FINANCIAL STATEMENT SCHEDULES

All schedules are omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

3. EXHIBITS REQUIRED BY ITEM 601 OF REGULATION S-K AND PARAGRAPH (C) BELOW

See response to Item 14(c) below.

(b) Reports on Form 8-K

A report on Form 8-K was filed on October 10, 2000 reporting that Concord entered into an Agreement and Plan of Merger dated as of October 6, 2000 with Star Systems, Inc. and Orion Acquisition Corp.

(c) Exhibits

Exhibit Nos.

- 2.1 Agreement and Plan of Merger among Concord EFS, Inc., CEFT, Inc. and Electronic Payment Services, Inc., dated as of November 20, 1998, is incorporated herein by reference to Exhibit 2.1 to the current report on Form 8-K (File No. 000-13848), filed on March 10, 1999.
- 2.2 Agreement and Plan of Merger among Concord EFS, Inc., Orion Acquisition Corp. and Star Systems, Inc., dated as of October 6, 2000, is incorporated herein by reference to Exhibit 10 to

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Concord's quarterly report on Form 10-Q (File No. 000-13848), filed on November 14, 2000.

- 3.1 Restated Certificate of Incorporation of Concord EFS, Inc. is incorporated herein by reference to Exhibit 4.1 to Concord's registration statement on Form S-8 (File No. 333-74215), filed on March 10, 1999.
- 3.2 Certificate of Amendment to the Restated Certificate of Incorporation of Concord EFS, Inc. is incorporated herein by reference to Exhibit 3.3 to amendment No. 2 to Concord's registration statement on Form S-3 (File No. 333-77829), filed on June 14, 1999.
- 3.3 Amended and Restated Bylaws of Concord EFS, Inc. are incorporated herein by reference to Exhibit 4.2 to Concord's registration statement on Form S-8 (File No. 333-74215), filed on March 10, 1999.

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- 10.1 Concord EFS, Inc. 1993 Incentive Stock Option Plan, as amended and restated, is incorporated herein by reference to Exhibit 99.1 to Concord's registration statement on Form S-8 (File No. 333-74215), filed on March 10, 1999.
- 10.2 Electronic Payment Services, Inc. 1995 Stock Option Plan, as amended, is incorporated herein by reference to Exhibit 99.1 to Concord's registration statement on Form S-8 (File No. 333-74215), filed on March 10, 1999.
- 10.3 Star Systems, Inc. 2000 Equity Incentive Plan is incorporated herein by reference to Exhibit 99.1 to Concord's registration statement on Form S-8 (File No. 333-56066), filed on February 23, 2001.
- 10.4* Incentive Agreement between Concord EFS, Inc. and Dan M. Palmer, dated as of February 26, 1998, is incorporated herein by reference to Exhibit 10.3 to Concord's annual report on Form 10-K (File No. 000-13848), filed on April 1, 1999.
- 10.5* Incentive Agreement between Concord EFS, Inc. and Edward A. Labry III, dated as of February 26, 1998, is incorporated herein by reference to Exhibit 10.2 to Concord's annual report on Form 10-K (File No. 000-13848), filed on April 1, 1999.
- 10.6* Employment Agreement between H&S Holding Company (renamed Star Systems, Inc.) and Ronald V. Congemi, dated as of March 1, 1999, and amendment thereto between Star Systems, Inc., Concord EFS, Inc. and Ronald V. Congemi, dated October 6, 2000.
- 10.7* Agreement Terminating Salary Continuation Agreement between Star Systems, Inc., Concord EFS, Inc. and Ronald V. Congemi, dated October 6, 2000.
- 10.8* Star Nonqualified Deferred Compensation Plan, effective as of January 1, 2000.
- 10.9** Stock Purchase and Sale Agreement, dated March 30, 2001, by and between Payroll Company, Inc. and Concord EFS, Inc.

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- 11 Statement Regarding Computation of Per Share Earnings is incorporated herein by reference to Concord's Annual Report to Stockholders for the year ended December 31, 2000, filed herewith as Exhibit 13, Notes to Consolidated Financial Statements, Note N.
- 13 Annual Report to Stockholders for the year ended December 31, 2000.
- 20 Notice of Annual Meeting of Stockholders.
- 21 List of Subsidiaries.
- 23 Consent of Independent Auditors.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 14(c) of this report.

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** Filed herewith.

(d) Financial Statement Schedules

All financial statement schedules are omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

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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.

Concord EFS, Inc.

By: /s/ Dan M. Palmer

Dan M. Palmer
Chairman of the Board of Directors and
Chief Executive Officer

Date: June 18, 2001

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

Signature -----	Title -----	Date ---
/s/ Dan M. Palmer ----- Dan M. Palmer	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	June 1
/s/ Edward T. Haslam	Chief Financial Officer	June 1

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-----	(Principal Financial and Accounting Officer)	
Edward T. Haslam		
/s/ Edward A. Labry III	Director and President	June 1

Edward A. Labry III		
/s/ Richard M. Harter	Director and Secretary	June 1

Richard M. Harter		
/s/ Douglas C. Altenbern	Director	June 1

Douglas C. Altenbern		
/s/ J. Richard Buchignani	Director	June 1

J. Richard Buchignani		
/s/ Ronald V. Congemi	Director	June 1

Ronald V. Congemi		
/s/ Richard P. Kiphart	Director	June 1

Richard P. Kiphart		
/s/ Jerry D. Mooney	Director	June 1

Jerry D. Mooney		
/s/ Paul L. Whittington	Director	June 1

Paul L. Whittington		

CONCORD EFS, INC. AND SUBSIDIARIES

FORM 10-K/A LISTING EXHIBITS

Exhibit Number	Description of Exhibit
-----	-----
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