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CASS INFORMATION SYSTEMS INC
Form DEF 14A
March 18, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant |
Filed by a Party other than the Registrant |

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e) (2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to ss.240.14a-11(c) or ss.240.14a-12

Cass Information Systems, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No Fee Required
- Fee computed on table below per Exchange Act Rules 14a-6(i) (4) and 0-11.

1. Title of each class of securities to which transaction applies:

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2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

CASS INFORMATION SYSTEMS, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on
April 15, 2002

TO THE SHAREHOLDERS:

The Annual Meeting of Shareholders of Cass Information Systems, Inc. will be held at the offices of Cass Information Systems, Inc. located at 13001 Hollenberg Drive, Bridgeton, Missouri on Monday, April 15, 2002, at 11:00 a.m., for the following purposes:

1. To elect four Directors, each to serve for a three year term;
2. To act upon ratification of the selection of KPMG LLP as independent public accountants for 2002; and
3. To act upon such other matters as may properly come before the meeting.

The close of business on March 5, 2002 has been fixed as the record date for determining shareholders entitled to notice of and to vote at the Meeting.

By Order of the Board of Directors,

Eric H. Brunngraber
Secretary

March 18, 2002
Bridgeton, Missouri

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU INTEND TO BE PRESENT, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE STAMPED AND ADDRESSED ENVELOPE ENCLOSED FOR YOUR CONVENIENCE. SHAREHOLDERS CAN HELP THE COMPANY AVOID UNNECESSARY EXPENSE AND DELAY BY PROMPTLY RETURNING THE ENCLOSED PROXY CARD. THE PRESENCE, IN PERSON OR BY PROPERLY EXECUTED PROXY, OF A MAJORITY OF THE COMMON STOCK OUTSTANDING ON THE

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RECORD DATE IS NECESSARY TO CONSTITUTE A QUORUM AT THE ANNUAL MEETING.

CASS INFORMATION SYSTEMS, INC.
13001 Hollenberg Drive
Bridgeton, Missouri 63044

PROXY STATEMENT

Annual Meeting of Shareholders
to be held April 15, 2002

This Proxy Statement is being furnished to the common shareholders of Cass Information Systems, Inc. (the "Company") on or about March 18, 2002 in connection with the solicitation of proxies on behalf of the Board of Directors of the Company for use at the annual meeting of shareholders (the "Annual Meeting") to be held on April 15, 2002 at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting, and at any adjournment or postponement of that meeting.

Holders of shares of common stock, par value \$.50 per share ("Shares" or the "Common Stock"), of the Company at its close of business on March 5, 2002, (the "Record Date") are entitled to receive notice of and vote at the Annual Meeting. On the Record Date, 3,202,822 shares of Common Stock were outstanding. Holders of record of Common Stock (the "Shareholders") are entitled to one vote per share of Common Stock they held of record on the Record Date on each matter that may properly come before the Annual Meeting.

A plurality of the votes of Shareholders cast at the Annual Meeting is required for the election of each director. Ratification of the selection of independent public accountants requires the affirmative vote of holders of a majority of the shares of Common Stock voted. Abstentions are counted in the number of shares present for purposes of determining whether a quorum is present, and are counted as having voted on each matter presented for vote. As a result, an abstention has the same effect as a vote against a proposal, but will have no effect on the vote to elect directors. Broker non-votes are counted in the number of shares present for purposes of determining whether a quorum is present, but as not being present as to matters for which voting instructions are not given. As a result, broker non-votes will have no effect on voting on any matter voted on at the meeting.

Management of the Company ("Management"), together with members of the Board of Directors of the Company, in the aggregate, directly or indirectly controlled approximately 25.03% of the Common Stock outstanding on the Record Date.

Shareholders of record on the Record Date are entitled to cast their votes in person or by properly executed proxy at the Annual Meeting. The presence, in person or by properly executed proxy, of a majority of the Common Stock outstanding on the Record Date is necessary to constitute a quorum at the Annual Meeting. If a quorum is not present at the time the Annual Meeting is convened, the Company may adjourn or postpone the Annual Meeting.

All Common Stock represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting and not properly revoked will be voted at the Annual Meeting in accordance with the instructions indicated in such proxies. If no instructions are indicated, such proxies will be voted FOR the election of the Board's director nominees and FOR the ratification of the selection of independent public accountants. The Board of Directors of the Company does not know of any matters, other than the matters described in the Notice of Annual Meeting attached to the Proxy Statement that will come before

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the Annual Meeting.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with the Secretary of the Company, at or before the Annual Meeting, a written notice of revocation bearing a date later than the date of the proxy, (ii) duly executing and dating a subsequent proxy relating to the Common Stock and delivering it to the Secretary of the Company at or before the vote is taken at the Annual Meeting, or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice revoking a proxy should be sent to Corporate Secretary, Cass Information Systems, Inc., 13001 Hollenberg Drive, Bridgeton, Missouri 63044 (telephone number (314) 506-5500).

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The proxies are solicited by the Board of Directors of the Company. In addition to the use of the mails, proxies may be solicited personally or by telephone or facsimile transmission, by directors, officers or regular employees of the Company or persons employed by the Company for the purpose of soliciting proxies. It is contemplated that brokerage houses, custodians, nominees and fiduciaries will be requested to forward the soliciting material to the beneficial owners of Common Stock held of record by such persons, and will be reimbursed by the Company for expenses incurred therewith. The cost of solicitation of proxies will be borne by the Company.

The date of this Proxy Statement is March 18, 2002.

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ELECTION OF DIRECTORS

Pursuant to the By-Laws of the Company, the Company's Board of Directors is divided into three classes of approximately equal numbers of directors. Each of the eleven directors is elected for a three-year term, and the term of each class of directors expires in a different year.

Directors who are not officers of the Company receive a \$300 monthly retainer fee, a \$600 fee for attendance at each meeting of the Board and a \$400 fee for attendance at each meeting of a Committee of the Board. Upon re-election to the Board, each Director receives 300 shares of restricted stock. Shares are subject to a three-year vesting schedule, with 1/3 of the shares vesting each year on the anniversary date of the awards. These restricted shares are entitled to vote and to be paid normal cash dividends.

The nominees for election to the Board of Directors are Mr. Chapell, Mr. Nania, Mr. Vallina, and Mr. Woodruff, each of who is a current director of the Company. The Board of Directors of the Company recommends a vote FOR the nominees for election to the Board of Directors.

The members of the Company's Board of Directors whose terms will continue after the meeting, including the nominees for re-election to the Board, with certain information about each of them, including their principal occupations for the past five years, are listed below:

| Director | Principal Occupation |
|----------|----------------------|
| ----- | During Past 5 Years |
| ----- | ----- |

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| | |
|--|---|
| Robert J. Bodine Age: 77 Director since 1966 Current term expires 2003 | Chairman, Bodine Aluminum, Inc. (manufacturer) |
| Bryan S. Chapell Age: 47 Director since 1998 Current term expires 2002 | President, Covenant Theological Seminary Mr. Chapell is a nominee for re-election to the Board of Directors. |
| Lawrence A. Collett Age: 59 Director since 1983 Current term expires 2004 | Chairman of the Board of the Company & subsidiaries since 1992; Chief Executive Officer of the Company & subsidiaries since 1990 |
| Thomas J. Fucoloro Age: 76 Director since 1986 Current term expires 2003 | Consultant |
| Harry J. Krieg Age: 77 Chairman Emeritus, since 1992 Director since 1962 Current term expires 2003 | Consultant to the Company; Chairman of the Company & subsidiaries, 1975 - 1992 |
| Howard A. Kuehner Age: 86 Director since 1966 Current term expires 2003 | Investor |
| | 3 |
| Director ----- | Principal Occupation During Past 5 Years ----- |
| Jake Nania Age: 77 Director since 1967 Current term expires 2002 | Investor Mr. Nania is a nominee for re-election to the Board of Directors. |
| Irving A. Shepard Age: 84 Director since 1970 Current term expires 2004 | President, Venture Consultants, Inc. (consulting company) |
| Andrew J. Signorelli Age: 62 Director since 1986 Current term expires 2004 | Vice President, Andrews Educational & Research Center; Founder, Hope Educational & Research Center |
| John J. Vallina Age: 59 Director since 1992 Current term expires 2002 | President of Cass Bank, since 1992 Mr. Vallina is a nominee for re-election to the Board of Directors. |
| Bruce E. Woodruff Age: 71 | Attorney; of counsel to Armstrong Teasdale LLP |

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Director since 1995
Current term expires 2002

Mr. Woodruff is a nominee for re-election
to the Board of Directors.

Committees

The Company's Board of Directors has standing Discount, Audit and Compliance, and Compensation Committees. The Discount Committee is composed of Mr. Signorelli, Mr. Fucoloro, Mr. Krieg, Mr. Collett and Mr. Vallina. The Audit and Compliance Committee is composed of Mr. Fucoloro, Mr. Kuehner, Mr. Krieg, Mr. Shepard and Mr. Woodruff. The Compensation Committee is composed of Mr. Shepard, Mr. Signorelli and Mr. Bodine.

The Discount Committee, which met 24 times during 2001, examines and approves loans and discounts and exercises the authorization of loans and discounts.

The Audit and Compliance Committee, which met 4 times during 2001, recommends to the Board independent public accountants to perform audit and non-audit services, reviews the scope and results of such services, reviews with management and the independent public accountants any recommendations of the auditors regarding changes and improvements in the Company's accounting procedures and controls and management's response thereto, and reports to the Board after each Audit Committee meeting. In addition, the Committee meets with the Company's internal auditors on a quarterly basis to review the scope and results of such services.

The Compensation Committee, which met 3 times during 2001, reviews and recommends to the Board the salaries and all other forms of compensation of the officers of the Company and its subsidiaries.

During 2001, there were 12 meetings of the Board of Directors. Each director attended at least 75% or more of the aggregate number of meetings of the Board and committees on which he served.

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Executive Officers

The executive officers of the Company, their ages and their positions with the Company and subsidiaries are set forth below. All officers serve at the pleasure of the Company's Board of Directors.

| Name ---- | Age --- | Positions ----- |
|---------------------|------------|--|
| Lawrence A. Collett | 59 | Chairman and Chief Executive Officer of the Company and subsidiaries; Director of the Company and subsidiaries |
| William C. Bouchein | 66 | Vice President - Treasurer of the Company |
| Eric H. Brunngraber | 45 | Vice President-Secretary and Chief Financial Officer of the Company and subsidiaries |
| Terrence J. Cowee | 53 | Senior Vice President - Transportation Information Services |
| Harry M. Murray | 48 | Chief Operating Officer- Utility Information Services |

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John F. Pickering 51 Chief Operating Officer - Transportation Information Services

Executive Compensation

The following table summarizes compensation with respect to each of the last three fiscal years to the individual who served as the Company's Chief Executive Officer for fiscal 2001, and to each person who was, for the fiscal year ended December 31, 2001, among the four other most highly compensated executive officers of the Company. These persons are referred to as the named executive officers.

| Name and Principal Position | Year | Annual Compensation | | Long Term Restricted Stock, (\$) | | Compensation Securities Underlying |
|---|------|---------------------|----------|----------------------------------|-----|------------------------------------|
| | | Salary | Bonus | Awards (1) | (2) | Options (#) |
| Lawrence A. Collett Chairman and Chief Executive Officer of the Company and subsidiaries; Director of the Company and subsidiaries | 2001 | \$316,000 | \$56,700 | -- | -- | -- |
| | 2000 | 291,000 | 58,200 | -- | -- | -- |
| | 1999 | 291,000 | 42,800 | 126,250 | -- | 25,000 |
| Eric H. Brunngraber Vice President - Secretary and Chief Financial Officer of the Company and subsidiaries | 2001 | \$126,600 | \$25,500 | -- | -- | -- |
| | 2000 | 111,600 | 27,500 | -- | -- | -- |
| | 1999 | 106,600 | 21,500 | -- | -- | 4,000 |
| Terrence J. Cowee Senior Vice President - Transportation Information Services | 2001 | \$130,000 | \$51,142 | -- | -- | -- |
| | 2000 | 118,000 | 54,373 | -- | -- | -- |
| | 1999 | 114,000 | 48,312 | -- | -- | 3,500 |
| Harry M. Murray Chief Operating Officer - Utility Information Services | 2001 | \$140,000 | \$14,700 | -- | -- | -- |
| | 2000 | 130,000 | 13,000 | -- | -- | -- |
| | 1999 | 126,500 | 17,000 | -- | -- | 5,000 |
| John F. Pickering Chief Operating Officer - Transportation Information Services | 2001 | \$166,500 | \$14,500 | -- | -- | -- |
| | 2000 | 160,000 | 29,000 | -- | -- | -- |
| | 1999 | 156,000 | 24,000 | -- | -- | 5,000 |

(1) Awards for restricted stock for performance in 1999 made to Mr. Collett on January 19, 1999, pursuant to the terms of the Company's 1995 Restricted Stock Bonus Plan. The value of restricted stock was calculated by multiplying the average of the high and low market price of the Company's stock on the date of the award by the number of shares awarded. Shares are subject to a three-year vesting schedule, with 1/3 of the shares vesting each year on the anniversary date of the awards, beginning January 19, 2000. These restricted shares are entitled to vote and to be paid normal

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cash dividends.

- (2) At December 31, 2001, the unvested restricted stock holding of Mr. Collett consisted of the 1,667 shares awarded on January 19, 1999, with a value of \$40,842 based on the market value of the Company's shares at December 31, 2001.
- (3) These amounts represent Company matching contributions paid on behalf of the executive under the Company's 401(k) Plan (in 2001 contributions were \$2,550 for Mr. Collett, \$2,287 for Mr. Brunngraber, \$2,550 for Mr. Cowee, \$2,305 for Mr. Murray, and \$2,550 for Mr. Pickering) and the imputed value of group term life premiums paid on their behalves (in 2001 premiums were \$1,290 for Mr. Collett, \$299 for Mr. Brunngraber, \$689 for Mr. Cowee, \$450 for Mr. Murray, and \$690 for Mr. Pickering).

Stock Option Plan / Stock Bonus Plan

During May 1995, the Company's Board of Directors established the 1995 Performance-Based Stock Option Plan (the "Option Plan") and the 1995 Restricted Stock Bonus Plan (the "Bonus Plan"). These plans were adopted to aid the Company in securing and retaining qualified personnel. The Option Plan provides for the granting of options on up to 400,000 shares of the Company's common stock. The following table summarizes stock options outstanding as of December 31, 2001:

| Exercise Price ----- | Options Outstanding ----- | Weighted Average Remaining Contractual Life ----- |
|----------------------------|---------------------------------|--|
| \$10.32 | 69,004 | 1.98 years |
| 20.36 | 6,000 | 3.21 |
| 23.00 | 3,500 | 4.00 |
| 24.63 | 2,000 | 4.00 |
| 25.25 | 59,850 | 4.00 |
| 25.45 | 8,500 | 2.94 |

Of these shares, 50,608 were exercisable with a weighted average exercise price of \$11.59. These options vest over a period not to exceed seven years, but the vesting period can be accelerated based on the Company's attainment of certain financial operating performance criteria.

The Bonus Plan provides for the issuance of up to 100,000 shares of the Company's common stock. As of December 31, 2001, an aggregate of 10,700 shares of the Company's common stock had been awarded. Interest in the shares of common stock awarded under the Bonus Plan vest over a three-year period. Common stock awarded under the Bonus Plan is accounted for through the establishment of a contra shareholders' equity account. This contra shareholders' equity account is amortized against income over the vesting period of the stock awards.

Option Grants in 2001

There were no options granted to the named executive officers in 2001.

Options Exercised in 2001 and Year-end Option Values

The following table summarizes options exercised during 2001, and the values of options outstanding on December 31, 2001, for the named executive officers.

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| | Shares Acquired on Exercise (#) | Value Realized (\$) | Number of Securities Underlying Unexercised Options at Fiscal Year-End Exercisable/ Unexercisable (#) | Value Unexercised Options at Fiscal Year-End |
|-----------------|---------------------------------------|------------------------|--|--|
| Mr. Collett | -- | -- | 22,232 / 30,768 | \$315,250 |
| Mr. Brunngraber | -- | -- | 4,966 / 9,034 | \$58,620 |
| Mr. Cowee | -- | -- | -- / 5,486 | -- |
| Mr. Murray | -- | -- | -- / 7,648 | -- |
| Mr. Pickering | 9,366 | \$85,277 | -- / 9,634 | -- |

Defined Contribution Savings Plan

All full-time employees of the Company and subsidiaries are eligible to participate in the Cass Information Systems, Inc. 401(k) Plan. Employees may voluntarily defer up to 15% of pre-tax earnings subject to the IRS maximum limitation, which was \$10,500 for 2001. Voluntary deferrals contributed to the 401(k) Plan by the Executive Officers are included in Annual Salary Compensation in the Summary Compensation Table. The Company matches 50% of the first 3% of employee contributions, subject to IRS limitations. Amounts contributed to the Plan in 2001 for the benefit of the Executive Officers are included in Other Compensation in the Summary Compensation Table. Each Executive Officer is fully vested in Company contributions.

Defined Benefit Retirement Plans

Retirement Plan for Employees of Cass Information Systems, Inc.

All officers of the Company and subsidiaries are participants in the Retirement Plan for Employees of Cass Information Systems, Inc., which covers all full-time employees. Upon retirement, participants in the plan will begin to receive monthly payments equal to one-twelfth of the sum of:

- (a) .9% of Final Average Earnings multiplied by the number of years of participation, plus
- (b) .5% of Final Average Earnings in excess of Covered Compensation multiplied by years of participation.

Final Average Earnings is defined as the average annual total compensation for the five consecutive years of highest earnings during the last ten years of employment. Covered Compensation is the average of the maximum social security taxable wage bases in effect for each calendar year during the 35-year period ending with the year in which retirement age is attained under the Social Security Act. Earnings covered by the Plan equal total compensation as reported in the Summary Compensation Table including any amounts deferred under the Cass Information Systems, Inc. 401(k) Plan.

Normal retirement under the Plan commences at age 65. At normal retirement the years of participation under the Plan for the executive officers listed in

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the Compensation Table would be as follows: Mr. Collett-41; Mr. Brunngraber-41; Mr. Cowee-35; Mr. Murray-34; Mr. Pickering-37.

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The following table shows the estimated annual benefits payable at retirement, assuming a straight-life annuity with 120 months guaranteed.

| Final Average Earnings | Estimated Annual Retirement Benefit (1) (2) | | | | | |
|------------------------------|---|-----------|-----------|-----------|-----------|-----------|
| | Years of Service Credited at Retirement | | | | | |
| | 10 | 15 | 20 | 25 | 30 | 35 |
| \$ 125,000 | \$ 15,300 | \$ 23,000 | \$ 30,700 | \$ 38,300 | \$ 46,000 | \$ 53,600 |
| 150,000 | 18,800 | 28,200 | 37,700 | 47,100 | 56,500 | 65,900 |
| 175,000 | 21,600 | 32,400 | 43,300 | 54,100 | 64,900 | 75,700 |
| 200,000 | 21,600 | 32,400 | 43,300 | 54,100 | 64,900 | 75,700 |

- (1) Estimated benefit calculation assumes retirement at age 65 in the year 2003 with no increase in the maximum social security taxable wage base after 2001.
- (2) Estimated benefits would be subject to Internal Revenue Service maximum retirement limitations in effect at the retirement date. The maximum compensation that may be recognized for determining benefits in 2001 was \$170,000.

Supplemental Executive Retirement Plan

In addition to the above defined benefit plan, in 1998 the Company established the Cass Information Systems, Inc. Supplemental Retirement Plan, which covers key executive officers of the Company. This supplemental plan was designed to provide additional retirement benefits to key executives whose benefits are limited by the Internal Revenue Service under the Company's qualified plan.

Upon retirement, participants in the plan will receive monthly payments equal to one twelfth of 70% of Final Average Earnings and reduced proportionately for length of service less than 25 years and reduced by the participant's: (a) Qualified retirement plan benefit, (b) Primary social security benefit, and (c) 401(k) hypothetical annuity.

Final Average Earnings, normal retirement age and years of participation at normal retirement are the same as under the Retirement Plan for Employees of Cass Information Systems, Inc.

The following table shows the estimated annual benefits payable at retirement, assuming a straight-life annuity with 120 months guaranteed.

Estimated Annual Retirement Benefit (1) (2)

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| Final Average Earnings | Years of Service Credited at Retirement | | | | | |
|------------------------------|---|---------|----------|-----------|-----------|----------|
| | 10 | 15 | 20 | 25 | 30 | 35 |
| \$ 125,000 | \$ -- | \$ -- | \$ 8,100 | \$ 18,000 | \$ 10,300 | \$ 2,700 |
| 150,000 | -- | 1,300 | 12,800 | 24,400 | 15,000 | 5,600 |
| 175,000 | -- | 6,700 | 20,300 | 34,000 | 23,200 | 12,400 |
| 200,000 | 4,700 | 17,200 | 34,300 | 51,500 | 40,700 | 29,900 |
| 300,000 | 32,700 | 59,200 | 90,300 | 121,500 | 110,700 | 99,900 |
| 400,000 | 60,700 | 101,200 | 146,300 | 191,500 | 180,700 | 169,900 |

(1) Estimated benefit calculation assumes retirement at age 65 in the year 2003.

Board Compensation Committee Report on Executive Compensation

The Compensation Committee of the Board of Directors (the "Committee") is composed of three independent directors, one of which serves as chairman of the Committee. The Committee administers the Executive Compensation Program of the Company and none of its members has been or is an employee of the Company or of any of its subsidiaries. All material items relative to Executive Compensation or any benefit compensation for the entire Company must be analyzed, reviewed and approved by the Compensation Committee. While the Committee may seek input occasionally from the Chief Executive Officer, the Chief Financial Officer or the Director of Human Resources, all matters are independently resolved and decided without the presence or voting of any officer of the Company or its subsidiaries. The Compensation Committee of the Board is also responsible for recommending salary levels for executive officers to the Board of Directors of the Company and recommending the overall levels of salary compensation for the entire corporation.

The Committee's philosophy with regard to executive compensation has been to seek to provide programs which will allow the Company to acquire and maintain competent executive officers and to attract and maintain other management personnel with the capabilities and requirements determined necessary to continue to lead the Company in meeting its objectives and in furthering its growth and profitability. It is further the philosophy of the Committee to reward its people in accordance with the results that are accomplished. The Committee believes that total compensation should be related to profits and to the performance of the Company. For this reason, a significant component of the compensation of the Company's executives is tied to an incentive bonus plan that is directly related to the Company's pre-tax earnings. Most of the executives received bonuses in 2001 comparable to or slightly less than those received in 2000 due to the level of profits achieved in 2001.

The Committee reviews the CEO's salary annually in December for the following fiscal year. Bonuses are calculated in July and January, and relate directly to the profit performance for the year. The CEO's bonus is a percentage of total profit sharing allocations and fluctuates with the Company's return on equity. The CEO's salary was increased in 2001 due to improved profitability in

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2000. The CEO's bonus for 2001 was directly related to profit performance in 2001 and was slightly lower than 2000. A three-year stock grant was provided to the CEO in January 1999; no additional stock compensation was provided in 2001.

The Committee generally seeks to maintain salaries at levels competitive with peer groups. Bonuses are available to all personnel in the Company based upon the level of profits before taxes achieved by the Company. These bonuses are distributed on the basis of merit. Performance is measured on the basis of several factors deemed relevant and bonuses are calculated on the basis of these evaluations. The determination of bonuses for the Company's executive officers is a subjective process which utilizes no specific performance criteria, but which does consider growth in the Company's profits, resources, and the quality of the Company's operations, as well as adherence to regulatory requirements. The amount of bonus available for executive officers is a percentage of the profit sharing allocation for all staff members and is based on the growth in net earnings of the company. As a result, the amount available for executive officers in 2001 was decreased from 2000 levels.

The Committee utilizes the services of Peter R. Johnson & Company of West Chester, Pennsylvania in determining the levels of peer compensation within its industry. Additionally, the Committee utilizes the services of Towers Perrin for evaluation of the compensation of its three top executive positions. The Committee considers stock options and grants to be a significant motivational tool for rewarding its executive officers and senior management. Stock awards provided under the Company's stock option plan are granted primarily on the basis of performance of the Company, performance of the individual operating subsidiaries, the relationship of the Company's performance to other companies in its peer group, and the recommendation of the CEO. No new stock incentive programs were provided in 2001. The Company utilizes the services of Towers Perrin in determining appropriate stock incentive and compensation and annually reviews information from other compensation sources for other bank holding companies and companies performing in industries similar to those of its operating subsidiaries.

Irving A. Shepard, Chairman
Robert J. Bodine
Andrew J. Signorelli

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Performance Graph

The following graph compares the percentage change in the Company's cumulative total shareholder return on Common Stock as quoted on The Nasdaq National Market System for the last five fiscal years with the cumulative total return, including all dividends, of (i) The Nasdaq Stock Market Index for United States companies, and (ii) The Nasdaq Computer and Data Processing Stocks Index.

Comparison of Cumulative Total Returns
Performance Quoted on The Nasdaq Stock Market for the last Five Fiscal Years
Cass Information Systems, Inc.

[The following table was depicted as a mountain graph in the printed material.]

| | Cass Information Systems, Inc. | Nasdaq Stock Market (US) | Nasdaq Compu |
|------------|--------------------------------|--------------------------|--------------|
| 12/31/1996 | 100.000 | 100.000 | 100.000 |

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| | | | | |
|------------|------------|---------|---------|---------|
| 1/31/1997 | | 102.556 | 107.094 | 109.053 |
| 2/28/1997 | | 107.348 | 101.168 | 100.225 |
| 3/31/1997 | | 116.651 | 94.570 | 92.829 |
| 4/30/1997 | | 113.446 | 97.518 | 104.888 |
| 5/30/1997 | | 105.114 | 108.561 | 116.417 |
| 6/30/1997 | | 140.611 | 111.899 | 118.977 |
| 7/31/1997 | | 128.355 | 123.689 | 131.370 |
| 8/29/1997 | | 127.710 | 123.505 | 127.852 |
| 9/30/1997 | | 129.665 | 130.824 | 130.139 |
| 10/31/1997 | | 129.665 | 124.008 | 127.477 |
| 11/28/1997 | | 130.313 | 124.663 | 130.698 |
| 12/31/1997 | 12/31/1997 | 129.032 | 122.477 | 122.874 |
| 1/30/1998 | | 182.470 | 126.359 | 132.133 |
| 2/27/1998 | | 182.144 | 138.232 | 149.989 |
| 3/31/1998 | | 179.481 | 143.342 | 162.340 |
| 4/30/1998 | | 170.311 | 145.766 | 163.706 |
| 5/29/1998 | | 158.520 | 137.668 | 152.243 |
| 6/30/1998 | | 158.463 | 147.283 | 179.817 |
| 7/31/1998 | | 158.134 | 145.558 | 173.825 |
| 8/31/1998 | | 151.545 | 116.697 | 141.217 |
| 9/30/1998 | | 133.289 | 132.887 | 168.704 |
| 10/30/1998 | | 135.278 | 138.725 | 163.920 |
| 11/30/1998 | | 135.278 | 152.826 | 189.703 |
| 12/31/1998 | 12/31/1998 | 132.908 | 172.681 | 219.196 |
| 1/29/1999 | | 132.908 | 197.743 | 265.013 |
| 2/26/1999 | | 133.576 | 180.035 | 235.067 |
| 3/31/1999 | | 133.933 | 193.655 | 264.374 |
| 4/30/1999 | | 133.260 | 199.893 | 250.885 |
| 5/28/1999 | | 132.587 | 194.354 | 244.838 |
| 6/30/1999 | | 132.935 | 211.833 | 274.969 |
| 7/30/1999 | | 132.935 | 208.014 | 258.689 |
| 8/31/1999 | | 131.917 | 216.809 | 272.426 |
| 9/30/1999 | | 139.456 | 217.106 | 286.354 |
| 10/29/1999 | | 128.518 | 234.509 | 307.870 |
| 11/30/1999 | | 118.948 | 263.036 | 357.610 |
| 12/31/1999 | 12/31/1999 | 111.695 | 320.894 | 481.813 |
| 1/31/2000 | | 111.006 | 309.045 | 425.408 |
| 2/29/2000 | | 113.074 | 367.842 | 503.892 |
| 3/31/2000 | | 110.013 | 360.251 | 475.839 |
| 4/28/2000 | | 116.976 | 303.006 | 364.692 |
| 5/31/2000 | | 117.672 | 266.454 | 320.172 |
| 6/30/2000 | | 116.691 | 313.241 | 388.416 |
| 7/31/2000 | | 114.582 | 296.262 | 348.795 |
| 8/31/2000 | | 109.380 | 331.282 | 393.071 |
| 9/29/2000 | | 99.437 | 288.245 | 359.273 |
| 10/31/2000 | | 98.016 | 264.572 | 328.881 |
| 11/30/2000 | | 104.586 | 203.838 | 238.549 |
| 12/29/2000 | 12/29/2000 | 100.534 | 193.012 | 221.852 |
| 1/31/2001 | | 128.540 | 216.423 | 256.490 |
| 2/28/2001 | | 117.768 | 167.556 | 196.198 |
| 3/30/2001 | | 106.581 | 144.076 | 161.857 |
| 4/30/2001 | | 113.425 | 165.571 | 198.852 |
| 5/31/2001 | | 115.427 | 165.371 | 199.183 |
| 6/29/2001 | | 115.964 | 169.811 | 210.740 |
| 7/31/2001 | | 117.194 | 159.009 | 184.932 |
| 8/31/2001 | | 116.843 | 141.685 | 152.604 |
| 9/28/2001 | | 124.356 | 117.812 | 128.907 |
| 10/31/2001 | | 124.238 | 132.925 | 149.854 |
| 11/30/2001 | | 139.620 | 151.849 | 170.017 |
| 12/31/2001 | 12/31/2001 | 146.173 | 153.153 | 178.689 |

Certain Relationships and Related Party Transactions

Some of the directors and officers of the Company and of the Bank, and members of their immediate families and firms and corporations with which they are associated, have had transactions with the Bank, including borrowing and investments in depository accounts. All such loans and investments have been made in the ordinary course of business, have been made on substantially the same terms, including interest rates paid or charged and collateral required, as those prevailing at the same time for comparable transactions with unaffiliated persons, and did not involve more than the normal risk of collectibility or present other unfavorable features. As of December 31, 2001, the aggregate amount of all loans and available credit to officers and directors of the Company and to firms and corporations in which they have at least a 10% beneficial interest was approximately \$3,661,127, which represented approximately 6.6% of the Company's consolidated shareholders' equity at that date.

Bruce E. Woodruff, a director and shareholder of the Company, is of counsel to the law firm of Armstrong Teasdale LLP, counsel to the Company and subsidiaries.

Audit and Compliance Committee Report

The Board of Directors maintains an Audit and Compliance Committee comprised of five outside directors. The Board of Directors and the Audit and Compliance Committee believes that the Committee's current member composition satisfies The Nasdaq rule that governs audit committee composition, including the requirement that audit committee members be "independent directors" as that term is defined by NASD Rule 4200 (a) (14).

The Audit and Compliance Committee revised its written charter in January 2002. The full text of the charter is attached to this Proxy Statement as Exhibit I.

During 2001, the Company incurred the following fees for services performed by KPMG LLP, the Company's independent public accountants.

| | |
|--|----------|
| Audit Fees | \$90,900 |
| Financial Information Systems Design and Implementation Fees | \$ -- |
| All Other Fees (1): | |
| Other non-audit services (2) | \$71,405 |

- (1) The Audit and Compliance Committee has considered whether the provision of these services is compatible with maintaining the independent public accountant's independence.
- (2) Other non-audit fees consisted of tax compliance and preparation services.

Management is responsible for the Company's internal controls, financial reporting process and compliance with laws and regulations. The independent public accountants are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Committee's responsibility is to monitor and oversee these processes.

In connection with the December 31, 2001 financial statements, the Audit and Compliance Committee (1) reviewed and discussed the audited financial statements with management; (2) discussed with the auditors the matters required by Statement on Auditing Standards No. 61; and (3) received and discussed with

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the auditors the matters required by Independence Standards Board Statement No. 1. Based upon these reviews and discussions, the Audit and Compliance Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K filed with the SEC.

Thomas J. Fucoloro, Chairman
 Harry J. Krieg
 Howard A. Kuehner
 Irving A. Shepard
 Bruce E. Woodruff

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Principal Shareholders

The following table contains information with respect to beneficial ownership of the Company's outstanding common stock, as of March 5, 2002, by: (1) each person known to the Company to be the beneficial owner of more than 5% of common stock, (2) each director of the Company and (3) each of the named executive officer of the Company. The address of all such persons is c/o the Company, 13001 Hollenberg Drive, Bridgeton, Missouri 63044. Unless otherwise indicated, the named person has sole voting and dispositive rights with respect to such shares.

| Name of Beneficial Owner ----- | Number of Shares Beneficially Owned ----- | Percent of Class ----- |
|---|---|------------------------------|
| Robert J. Bodine | 82,300 (1) | 2.57% |
| Eric H. Brunngraber | 3,780 (2) | * |
| Bryan S. Chapell | 575 (3) | * |
| Lawrence A. Collett | 69,586 (4) | 2.17 |
| Terrence J. Cowee | 757 (5) | * |
| Thomas J. Fucoloro | 300 (6) | * |
| Harry J. Krieg | 50,888 (7) | 1.59 |
| Howard A. Kuehner | 85,104 (8) | 2.66 |
| Harry M. Murray | 9,165 (9) | * |
| Jake Nania | 344,066 (10) | 10.74 |
| John F. Pickering | 9,696 (11) | * |
| Irving A. Shepard | 17,706 (12) | * |
| A. J. Signorelli | 112,266 (13) | 3.50 |
| John J. Vallina | 8,651 (14) | * |
| Bruce E. Woodruff | 6,800 (15) | * |
| All executive officers and directors as a group (16 persons) | 801,695 | 25.03% |

* Less than 1% of class.

- (1) Includes 200 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Bodine has voting but no dispositive rights. Excludes 8,784 shares held in a trust as to which Mr. Bodine's wife has sole voting and dispositive rights.
- (2) Includes 2,764 shares owned jointly with his wife. Includes 1,016 shares Mr. Brunngraber has the right to acquire under the 1995 Performance-Based Stock Option Plan.

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- (3) These shares are owned jointly with his wife. Includes 100 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Chapell has voting but no dispositive rights.
- (4) Includes 31,304 shares owned jointly with his wife. Includes 23,451 shares Mr. Collett has the right to acquire under the 1995 Performance-Based Stock Option Plan.
- (5) Includes 717 shares owned jointly with his wife. Includes 40 shares Mr. Cowee has the right to acquire under the 1995 Performance-Based Stock Option Plan.
- (6) Includes 200 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Fucoloro has voting but no dispositive rights. Excludes 200 shares held in a trust as to which Mr. Fucoloro's wife has sole voting and dispositive rights.
- (7) Includes 50,688 shares held in a trust with Mr. Krieg having shared voting and dispositive rights. Includes 200 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Krieg has voting but no dispositive rights. Excludes 51,211 shares owned by his wife.

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- (8) Includes 23,180 shares held in a trust with Mr. Kuehner having shared voting and dispositive rights. Includes 200 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Kuehner has voting but no dispositive rights. Excludes 53,494 shares owned by his wife.
- (9) Includes 9,107 shares owned jointly with his wife. Includes 58 shares Mr. Murray has the right to acquire under the 1995 Performance-Based Stock Option Plan.
- (10) Includes 343,966 shares held in a trust with Mr. Nania having sole voting and dispositive rights. Includes 100 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Nania has voting but no dispositive rights.
- (11) Includes 9,638 shares owned jointly with his wife. Includes 58 shares Mr. Pickering has the right to acquire under the 1995 Performance-Based Stock Option Plan.
- (12) Includes 17,406 shares held in a family partnership in which Mr. Shepard has shared voting and dispositive rights. Includes 300 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Shepard has voting but no dispositive rights.
- (13) Includes 111,966 shares held in various trusts with Mr. Signorelli having shared voting and dispositive rights. Includes 300 shares granted under the Company's 1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Signorelli has voting but no dispositive rights.
- (14) Includes 8,534 shares held in a trust with Mr. Vallina having shared voting and dispositive rights. Includes 117 shares Mr. Vallina has the right to acquire under the 1995 Performance-Based Stock Option Plan.
- (15) Includes 6,700 shares held in a trust with Mr. Woodruff having sole voting and dispositive rights. Includes 100 shares granted under the Company's

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1995 Restricted Stock Bonus Plan, which are subject to forfeiture; however, Mr. Woodruff has voting but no dispositive rights.

Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of the registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission, and The Nasdaq. Officers, directors and greater than ten-percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based on its review of the copies of such forms received by it, and written representation from certain reporting persons that no Forms 5 were required for those persons the Company believes that, during 2001, all filing requirements applicable to its officers, directors, and greater than ten-percent beneficial owners were timely complied with.

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SELECTION OF AUDITORS

KPMG LLP were the auditors of the Company during the year ended December 31, 2001 and also have been selected by the Board of Directors to serve as auditors for the present year. The Board of Directors recommends to the Shareholders their ratification of its selection of KPMG LLP as independent public accountants to audit the accounts of the Company and its subsidiaries for 2002.

KPMG LLP has served as the Company's independent public accountants since 1983.

A representative of KPMG LLP is expected to be present at the Meeting, will have an opportunity to make a statement if he or she desires to do so, and is expected to be available to respond to appropriate questions of Shareholders.

The Board of Directors of the Company recommends voting FOR the ratification of the selection of KPMG LLP as independent public accountants for 2002.

OTHER MATTERS

Management does not intend to present to the Annual Meeting any business other than the items stated in the "Notice of Meeting of Shareholders" and does not know of any matters to be brought before the Meeting other than those referred to above. If, however, any other matters properly come before the Meeting, the persons designated as proxies will vote on each such matter in accordance with their best judgment.

Whether or not you expect to be at the Meeting in person, please sign, date and return promptly the enclosed Proxy. No postage is necessary if the Proxy is mailed in the United States.

SHAREHOLDER PROPOSALS

Any proposal to be presented at next year's Annual Meeting must be received at the principal executive offices of the Company not later than November 20, 2002. Any such proposals should be directed to the attention of the Secretary for consideration for inclusion in the Company's Proxy Statement and

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Form of Proxy relating to the next Annual Meeting. Any such proposals must comply in all respects with the rules and regulations of the Securities and Exchange Commission. The Company's Form of Proxy for next year's Annual Meeting may permit the representatives named in the proxy to vote in their discretion on any other shareholder proposal of which notice has not been given to the Company by February 4, 2003. It is suggested that proponents of any proposals submit such proposals to the Company sufficiently in advance of the deadline by Certified Mail-Return Receipt Requested.

By Order of the Board of Directors

Eric H. Brunngraber
Secretary

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Cass Information Systems, Inc.
Audit and Compliance Committee Charter
As of January, 2002

Exhibit I

The purpose of this charter is to set forth the objectives, composition, and responsibilities of the Audit and Compliance Committee of the Board of Directors.

I. PURPOSE

The Audit and Compliance Committee is appointed by the Board of Directors to assist in fulfilling its oversight responsibilities of regulatory compliance, corporate accounting and financial reporting practices of the company and each of its subsidiaries. In addition, the Committee will:

- o Oversee and appraise the quality of the internal and external audit processes;
- o Maintain free and open means of communication between the Board of Directors, the independent auditors, the internal auditor, and the financial management of the company;
- o Serve as an independent and objective party to review the financial information presented by management to shareholders, regulators, and the general public;
- o Review the adequacy of the company's administrative, operating and internal accounting controls, and the company's compliance with the letter and spirit of applicable Federal and state laws and regulations.

II. COMPOSITION AND MEETINGS

The Committee will be comprised of at least three directors who are independent of the management of the company and are free from any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgement as a committee member. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial management expertise.

The Committee will hold at least four meetings per year and such

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additional meetings as the Committee shall require in order to perform its designated duties.

III. RESPONSIBILITIES AND DUTIES

Financial Reporting and Review

1. Review and assess the adequacy of this charter at least annually. Submit the charter to the Board of Directors for approval and have the document published at least every three years in accordance with SEC regulations.
2. Review the annual audited financial statements. The review should include discussion with financial management and the independent auditors of significant issues regarding accounting principles, practices and judgements.
3. Review with financial management and/or the independent auditors the company's quarterly financial results. Discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with Statement on Auditing Standards No. 61 (SAS 61), Communication With Audit Committees.
4. Receive and review reports from the internal auditor and the independent auditors that assess the adequacy and effectiveness of the company's internal accounting control system; accounting policies and procedures; and, financial and accounting management.

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Cass Information Systems, Inc.
Audit and Compliance Committee Charter
As of January, 2002

Exhibit I

5. Review legal and regulatory matters that may have a material impact on the financial statements, related company compliance policies, and programs and reports received from regulators.
6. Monitor management's response and actions taken to correct any deficiencies noted by internal auditors, independent auditors or regulatory agencies.

Independent and Internal Audit Oversight

7. Recommend to the Board of Directors the independent auditors to be nominated, approve the compensation of the independent auditors, and review and approve the discharge of the independent auditors.
8. Review and concur in the appointment, replacement, or dismissal of the internal auditor.
9. Consider the audit scopes and plans of the internal auditor and independent auditors.
10. Review with the internal auditor and the independent auditors the coordination of audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.

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11. Annually, receive a formal, written statement from the independent auditors consistent with standards set by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. The Committee shall discuss with the independent auditors any relationships or services that may affect their objectivity or independence.

Other Responsibilities

12. Annually prepare a report to shareholders as required by the Securities and Exchange Commission. The report will be included in the Company's annual proxy statement.
13. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.
14. Review the results of monitoring compliance with the company's code of conduct.
15. Meet with the internal auditor, independent auditors and management in private sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.
16. Determine that there are no management restrictions placed on the internal auditor or the independent auditors.
17. Perform an annual assessment of the Bank's performance in meeting the requirements of the Community Reinvestment Act.
18. Conduct or authorize investigations into any matters within the committee's scope of responsibilities, and perform such other functions as assigned by law, the company's by-laws, or the Board of Directors.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL OF THE FOLLOWING PROPOSALS:

1. Election of four directors to serve until the year 2005, or until their successors are elected and qualified.

FOR all nominees
listed at right
(except as marked
to the contrary)

|_ |

WITHHOLD
AUTHORITY
to vote for all nominees
listed at right

|_ |

Nominees: 01 Bryan S.
03 John J. V
(INSTRUCTIONS: To with
individual nominee wri
below.)

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2. Ratification of the selection of KPMG LLP as independent public accountants for 2002.

| FOR | AGAINST | ABSTAIN |
|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

^ FOLD AND DETACH HERE ^

CASS INFORMATION SYSTEMS, INC.

Solicited by the Board of Directors

The undersigned hereby constitutes and appoints Lawrence A. Collett and Eric H. Brunngraber, and either of them, attorneys with full power of substitution, with the powers the undersigned would possess if personally present, to vote all shares of Common Stock of the undersigned in CASS INFORMATION SYSTEMS, INC. at the Annual Meeting of Shareholders to be held at 11:00 a.m., April 15, 2002 and at any adjournments thereof on all matters properly before the meeting.

(Continued and To Be Signed On Other Side.)

^ FOLD AND DETACH HERE ^