

The **value**
is in the **data**.

VALUE

RESULTS

The **results**
are in the **numbers**.

TALX transforms

paper-based payroll processes into
efficient automated services.

VALUE

In fiscal 2003, TALX transformed its business,
with a sharper focus and new capabilities
in payroll-data-centric services.

RESULTS

26%
increase in payroll records to
76,400,000

Revenues from
The Work Number® services

+32%

The Work Number® is the nation's pre-eminent employment database. With 26% more payroll records added in fiscal 2003, more than ever The Work Number is the first place to go for income and employment verification. By offering more value to verifiers, The Work Number generated more transactions in fiscal 2003, contributing to an increase in revenues of nearly one-third from The Work Number services.

TALX simplifies

payroll and unemployment compensation processes for employers.

VALUE

In fiscal 2003, TALX simplified its business, with integration of staff, processes, and systems for The Work Number and the unemployment cost management businesses we acquired last year, now called UC eXpress.SM

7,000 clients
(2/3 of the *Fortune* 500)

RESULTS

\$9 million
in revenues
from cross-selling

As the nation's leading provider of unemployment cost management services and verification of employment and income, TALX counts 7,000 employers among its clients. This base provides great cross-selling opportunities for the full range of TALX services, which are all centered on a client's payroll and human resources data. In fiscal 2003, TALX signed new contracts – for additional services to our existing clients – that will add \$9 million in annual revenues.

TALX delivers

savings, convenience, and satisfaction
to employers and verifiers.

VALUE

In fiscal 2003, TALX delivered outstanding performance, with increased revenues, earnings, and cash flow from operating activities.

EPS
+210%

Cash Flow
+153%

RESULTS

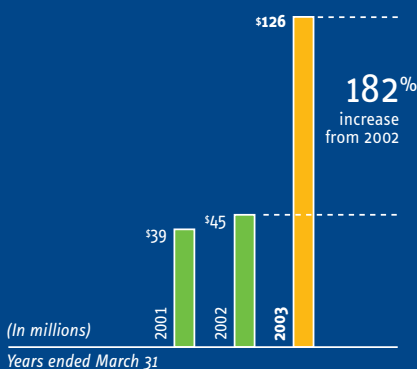
In 2003, TALX increased earnings per share by 210% to \$.90 per share and generated \$28.7 million net cash provided by operating activities, representing an increase of 153%. Key drivers were robust revenue growth in The Work Number services and the significant impact of the unemployment cost management businesses acquired in March 2002. The company's strong financial performance supported shareholder value enhancements, including the repurchase of TALX shares for \$5.6 million during the fiscal year, and a 33% increase in the dividend rate during the fourth quarter.

In fiscal 2003, TALX achieved **solid growth** in its key businesses and in earnings and cash flow from operating activities.

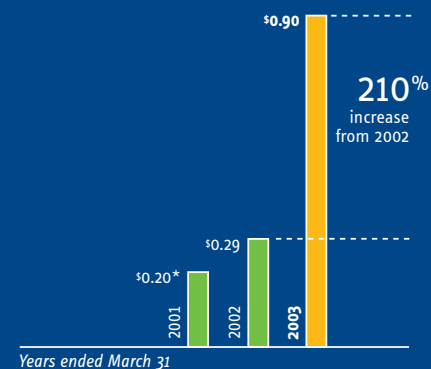
(In thousands, except per share data)

March 31,	2002	2003	% change
Revenues:			
The Work Number services	\$ 27,184	\$ 35,934	32%
Unemployment cost management services	848	74,645	*
Human resources and benefits application services	9,757	10,188	4%
Customer premises systems	2,870	1,324	-54%
Maintenance and support	3,893	3,639	-7%
Total revenues	\$ 44,552	\$ 125,730	182%
Operating income	\$ 4,668	\$ 22,019	372%
Net earnings	\$ 3,933	\$ 12,747	224%
Diluted earnings per share	\$ 0.29	\$ 0.90	210%
Shareholders' equity	\$ 116,128	\$ 123,098	6%
Net cash provided by operating activities	\$ 11,345	\$ 28,676	153%

* Not meaningful; business acquired in March 2002.

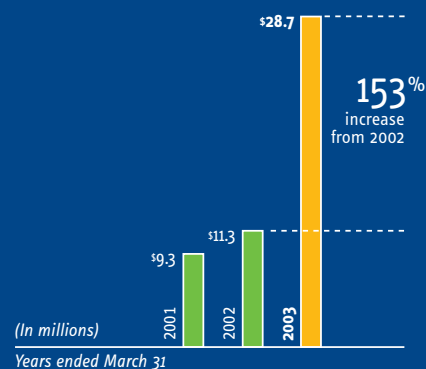


Years ended March 31



Years ended March 31

* Before the impact of the cumulative effect of change in accounting principle, net of taxes, of \$1.7 million, or \$0.15 per share.



Years ended March 31

REVENUES

Revenues increased to \$125.7 million in fiscal 2003 from \$44.6 million in fiscal 2002. The 182 percent increase reflects a full year of revenues from the unemployment cost management business, which was acquired at the end of fiscal 2002, and a 32 percent increase in revenues from The Work Number services.

EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Earnings for fiscal 2003 were \$12.7 million, or \$0.90 per diluted share, compared with \$3.9 million, or \$0.29 per share, for fiscal 2002. Excluding the \$0.14 per share after-tax impact of special items in the prior year, earnings grew 109 percent from \$0.43 per share.

NET CASH PROVIDED BY OPERATING ACTIVITIES

TALX generated \$28.7 million net cash provided by operating activities in fiscal 2003, an increase of 153 percent from \$11.3 million in fiscal 2002. Improved cash flow strengthens the balance sheet and provides financial flexibility to take advantage of future opportunities.



WILLIAM W. CANFIELD
President, Chief Executive Officer
and Chairman of the Board

Dear Shareholders,

In 2003, TALX sharpened its focus on unlocking the value in payroll data, as we expanded our market-leading, automated solutions for our clients.

The highlight was the successful integration of the unemployment cost management (UCM) businesses we acquired at the end of fiscal year 2002. We recognized how UCM fit perfectly into our payroll-data-centric strategy,

and we pursued the opportunity to acquire two leaders in the field. In 2003, we executed a well-planned and disciplined integration process, and we initiated further steps to create even more value and growth from our consolidated operations.

A YEAR OF STRONG RESULTS ...

TALX's success in 2003, in terms of both executing our strategy and providing value to shareholders, is demonstrated by strong growth at both the top line and the bottom line.

Revenues increased to \$125.7 million from \$44.6 million. The increase reflects the successful integration of the unemployment cost management businesses we acquired just over a year ago, and strong growth in The Work Number (TWN) services – powered by the nation's leading employment and verification database.

Earnings for fiscal year 2003 were \$12.7 million, or \$0.90 per diluted share, an increase of 210 percent over 2002 earnings of \$3.9 million, or \$0.29 per diluted share. Excluding the after-tax impact of a restructuring charge and an inventory write-down in the prior year, earnings grew 109 percent from \$5.8 million, or \$0.43 per diluted share.

In addition to record revenues and earnings, during fiscal year 2003 we:

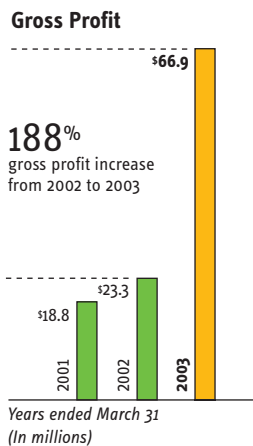
- Achieved \$9 million in annualized revenue from our cross-selling program,
- Surpassed sales goals for new contract bookings for both TWN and UCM services, and
- Generated \$28.7 million net cash provided by operating activities.

... BASED ON A CLEAR STRATEGIC VISION

Strong financial performance in 2003 is the product of a cohesive strategy. We have a clear vision for TALX as a business process outsourcer (BPO) of payroll-data-centric services. As this report explains, we **transform** paper-based payroll and human resources (HR) data into electronically accessible information, and we **simplify** a wide range of employment data-related functions, to **deliver** savings and efficiency to our clients.

We entered this business by developing automated employment and income verification services for mortgage lenders, pre-employment screeners, and other verifiers. Today, The Work Number is the leader in employment verification, and it powers a whole suite of electronic services centered on our clients' payroll and HR processes.

We recognized that the unemployment cost management business complements The Work Number, because it uses the same kind of payroll information. At the end of fiscal year 2002, we acquired The Frick Company and the unemployment cost management business of Gates McDonald. Bringing together these two top UCM businesses as part of TALX established us as the leader in UCM and strengthened our position as a payroll-data-centric BPO.



MARGINS REFLECT SOLID STRATEGY AND EXECUTION

TALX's gross profit nearly tripled to \$66.9 million in 2003 from \$23.3 million in 2002, as the gross margin increased by 100 basis points to 53.2 percent from 52.2 percent. This performance reflects the addition of the unemployment cost management business and the improved business mix that resulted, as well as successful integration of the new unit, with gross margins improving during the year.

SUCCESSFUL INTEGRATION AND SOLID PERFORMANCE

In 2003, we surpassed our goals for the successful integration of the UCM businesses we acquired last year – creating a new, seamless identity under the name UC eXpressSM and consolidating sales and service organizations. We were confident that we could integrate the UCM acquisitions, even though they more than doubled the size of our company, because these were businesses we understood, and we knew we had the people on board to make them work.

The success of our integration effort can be seen in the improvement in gross margins from the UCM business. The gross margin of 50.1 percent for the fourth quarter of 2003 was the best performance since the business was acquired in late March 2002. Overall, TALX improved its gross margin from 52.2 percent in 2002 to 53.2 percent in 2003. We expect to realize further improvement in the gross margin percentage as we continue to consolidate operations.

The integration effort did not distract us from our other objectives. For example, we achieved 32 percent growth in revenues from The Work Number. The increase in revenues was partly attributable to the increase in the number of records, including those available as a result of adding UCM clients to the database. We also launched initiatives to increase usage of The Work Number by high-volume verifiers.

A SHARPER FOCUS TO DRIVE CONTINUED GROWTH

The successful consolidation of our payroll-data-centric business model sets the stage for strong internal growth, which could be complemented by acquisitions. Our near-term goals include:

- Increased transaction volume driven primarily by initiatives aimed at high-volume verifiers and continued growth in our employment database; and
- Increased contractual revenues, driven by continued cross-selling to our large-employer client base, and additional marketing relationships with payroll/HR service providers to reach the underdeveloped mid-size-employer market.

To sharpen our focus on our core payroll-data-centric services, we sold our benefits enrollment business to Workscope, Inc. shortly after the end of fiscal year 2003. As TALX has evolved into a leading provider of outsourced services related to standard payroll/HR business processes, the highly customized benefits enrollment service no longer represented a good fit. Many of our benefits enrollment clients also use other TALX services, and it was important to us that they enjoy continued excellent service and a smooth transition. We believe the agreement with Workscope – with its complementary business philosophy and client-service emphasis – fulfills the commitment both to our clients and to the TALX strategy.

OUR COMMITMENT TO CREATING VALUE

We are committed to transforming strong financial performance into value for TALX shareholders. Our successful integration of the unemployment cost management business to date confirms that we can execute our payroll-data-centric strategy to drive continued growth in revenues and earnings.

In fiscal 2003, we reactivated our stock buyback program, repurchasing 486,000 shares at an average cost of \$11.61. In addition, TALX paid \$1.6 million in dividends, and we increased the dividend rate by 33 percent during the fourth quarter. While our stock price performance in fiscal 2003 was disappointing, we continued our efforts to strengthen the fundamentals to increase the value of TALX stock. In the first quarter of fiscal 2004, TALX outperformed the market, and our stock price gained approximately 70 percent.

In December 2002, TALX issued a restatement of financial results for fiscal 2001 and 2002, due to certain factors including recent guidance from the Securities and Exchange Commission (SEC) staff concerning accounting for certain service transactions and in response to an SEC investigation. Although we believed our reporting was consistent with generally accepted accounting principles (GAAP) and industry standards, we restated financial results to comply with the SEC's updated position. We are committed to managing our business in accordance with sound principles of financial management and corporate governance.

We know where we are headed – guided by a clear understanding of what we do best – and our 1,200 TALX employees have proven that we know how to get there. I thank TALX employees for their commitment to the service of our clients and the success of our company. I also want to express my appreciation to our board of directors for their exceptional involvement and guidance over the past year. Let me reaffirm my personal commitment to build on the progress we have made – continually sharpening our strategy and relentlessly executing it to pursue continued growth for TALX shareholders.



William W. Canfield
President, Chief Executive Officer and Chairman of the Board
June 27, 2003

The **value** is in the data.



TALX is driven by its vision to **transform** data, **simplify** work, and **deliver** value by taking paper and manual methods out of key payroll and HR processes.

TALX is successfully executing its strategy based on that vision, and is the nation's leader for unemployment cost management and verification of employment and income.

The **results** are in the numbers.

TALX transforms.

TALX transforms data and creates value by automating paper-based processes. TALX is a market leader in providing key services that surround an employer's payroll data – what we call “payroll-data-centric” services. Our automated services replace paper-based, manual processes for data input, transactions, and delivery of information – reducing costs and improving performance.

The Work Number (TWN) is by far the nation's largest payroll database for verification of income and employment. With more than 76 million records, The Work Number is the “go-to” source for more than 30,000 verifiers, including mortgage lenders, prospective employers, and government agencies. For employers, in addition to handling the cumbersome task of employment verification inquiries, we offer a wide range of other payroll-data-centric services, such as electronic time reporting and W-2 administration.

UC eXpress is a broad suite of services to reduce the cost of processing unemployment claims and to help clients hold down their state unemployment charges and future tax rates. To outsource their unemployment cost management (UCM) functions, employers send TALX their payroll data for each pay period – similar to data that is used for The Work Number. UC eXpress reduces employers' costs in two ways: by streamlining unemployment tax processing and reporting, and by analyzing payroll data to help employers manage their tax liability.

Our payroll-data-centric strategy is the result of a continuing transformation and refinement of our vision. We have sharpened our focus on what we do best. Because we recognized that unemployment cost management was a strong fit for our payroll-based service model, we acquired two leading UCM providers at the end of fiscal year 2002. Today, UC eXpress accounts for about

59 percent of our revenues, and The Work Number services contribute about 29 percent.

Our business model creates a strong market position:

- Market leadership in both of our core businesses – unemployment cost management and employment and income verification;
- A strong brand – The Work Number – for employment verification and our other payroll-related services; and
- A large, diversified employer client base – more than 7,000 clients, with no one client accounting for more than 3 percent of revenue.

Our business model also reduces risk, with relatively predictable revenues – contractual and transaction-based – from both of our core businesses. In addition, the two businesses are slightly contra-cyclical, smoothing out the effect of economic conditions on our overall results.

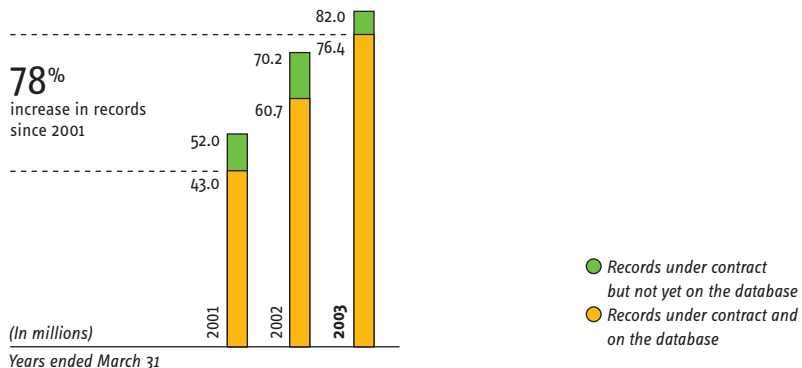
TALX's growth enhances our ability to transform data into useful information. The Work Number now provides access to more than twice as many records as it did just three years ago. A record 212 new employers – including Ford Motor Company and Kelly Services, Inc. – were added during 2003, and many new employee records were also added to our database as a result of our UCM acquisitions in March 2002.

The continued growth of our employment databases increases their value to verifiers, and to TALX. The more data we have, the more verification inquiries result in “hits,” and the more transaction income we receive. By continually improving the value of our database, and by developing new services to help our clients make effective use of the data, we are building client loyalty and driving growth.

THE WORK NUMBER DATABASE – STILL GROWING STRONG

In 2003, the total number of employment records on The Work Number database increased by 26 percent to 76.4 million at the fiscal year-end from 60.7 million a year earlier. Total employment records under contract, including those in backlog to be added to the database, increased 17 percent to 82.0 million at year-end from 70.2 million a year earlier. Over the past two years, the number of employment records on The Work Number database has increased 78 percent, and the total number of records under contract has increased 58 percent.

TWN Employment Records



TALX simplifies.

TALX simplifies work for employers by providing integrated payroll-data-based services. TALX offers employers outsourcing solutions for a wide range of processes surrounding their payroll and human resources data. TALX simplifies administration, not only by automating manual processes, but also by offering multiple solutions from a single source.

In addition to unemployment cost management and verification of employment and income, TALX also offers a broad menu of payroll-based services to employers through The Work Number:

- TALX ePayroll services provide a broad solution to eliminate the printing and distribution of paper checks and paystubs from employers' payroll processes.
- W-2 eXpress offers a wide range of electronic services, including distributing both printed and paperless original W-2 statements, reissuing W-2s, and facilitating W-2 corrections.
- FasTime automates the capture and reporting of time, including the approval process.

By turning to TALX for several services, clients can realize significant cost savings within their payroll and HR departments, while limiting the complications of multiple vendor relationships.

TALX simplified its own operations with the integration of the UCM businesses we acquired last year. We successfully executed a disciplined process to integrate businesses that more than doubled the size of our company.

All of the UCM services formerly provided by The Frick Company and Gates McDonald are known today as TALX UC eXpress. We put in place a strong management team and common reporting. And we are currently bringing together computer systems, with a view toward sharing UCM data with The Work Number services.

We not only consolidated sales and service organizations in our UCM business, but reorganized sales and service teams across the company. As of April 1, 2003, all of our sales teams are able to offer the full range of TALX services to clients and prospects.

As we consolidated the UC eXpress business into our payroll-data-centric strategy, we also worked toward the sale of another business that no longer fit. Shortly after the end of fiscal 2003, we sold our human resources and benefits application services business, which was based on a different, more customized, service and sales model.

Our focus on payroll-data-centric services is simplifying our business and boosting performance. The success of our business model can be seen in our gross margin, which improved by 100 basis points in 2003 to 53.2 percent, from 52.2 percent in 2002. We expect to realize further improvement in the gross margin as we continue to consolidate operations.

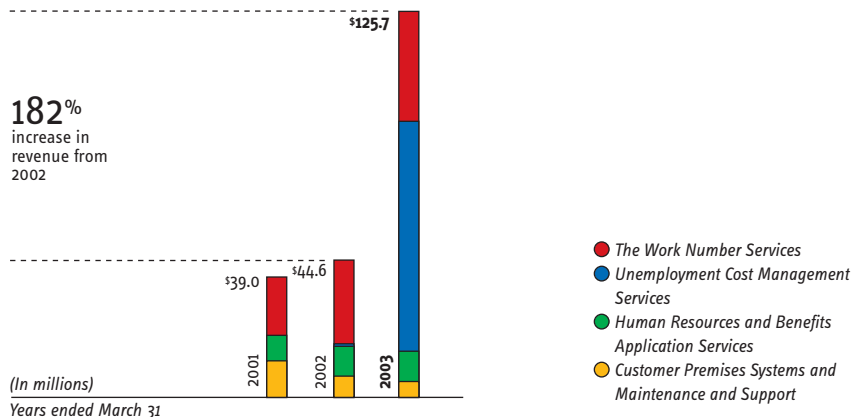
One of the main strategies for our UCM acquisitions was to offer additional services to existing clients. Often the same person within a client organization is responsible for outsourcing in all the areas we serve. In 2003, our cross-selling efforts yielded approximately \$9 million in future incremental annual revenue, exceeding our target, as more than 300 clients contracted for complementary TALX services.

We intend to keep it simple – for our clients and our own business. This means staying focused on what we do best, and on services that complement what we already do for our clients.

STRONG, FOCUSED REVENUE GROWTH

Increased revenues in 2003 reflect the first full-year contribution from UC eXpress and strong growth in The Work Number services. UC eXpress accounted for 59 percent of TALX revenues, and The Work Number services contributed 29 percent, turning in a 32 percent revenue increase. The human resources and benefits application services business, which contributed 8 percent of 2003 revenues, was sold shortly after year-end. Declining revenues from customer premises systems and maintenance and support continue to reflect our strategic shift to more predictable revenue businesses.

Revenue Mix



TALX delivers.

TALX has won market leadership and loyal clients by delivering value to employers and verifiers. TALX services have high visibility within client organizations, because they can touch every employee. So we maintain a sharp focus on delivering high-quality, on-time performance. By building customer satisfaction and loyalty, we can deliver value to investors.

The market leadership we have established in both of our key businesses demonstrates the value we provide to clients. Our leadership position also enhances our ability to create value, for example, through the pre-eminent employment database for verifiers and the most extensive expertise in the UCM business. The size and stature of our client list not only reflect the quality of service we deliver, but also create further opportunities for cross-selling.

With the successful consolidation of our business, we are focused on realizing the full growth potential of our strategy.

The foundation of this effort, as always, is continued growth in The Work Number database.

In addition, we are working to increase transaction volumes through focused marketing to key verifiers. Our Member Verifier program offers enhanced services, including batch processing and electronic interfaces, which streamline the verification process. Strong response to these new programs has increased transaction rates, with some customers showing increases of more than 50 percent. We are encouraging verifiers who have accessed The Work Number through our 900-number service to enjoy the greater convenience of Member Verifier services.

We are also pursuing expansion of paperless payroll services as market acceptance grows. In April 2003, we completed a survey of more than 150 large U.S. employers, which identified growing interest in moving to paperless pay. Some 61 percent

of the employers polled said that the time is right to eliminate the paper pay stub for employees who are using direct deposit, and more than half expect their organization to do so by January 2004. TALX offers a broad complement of services for a completely paperless pay solution that allows employers to expand participation in direct deposit or – through partnerships we are developing – to implement payroll card systems.

In our UC eXpress business, we are seeking growth through continued expansion of Employer Tax Services, and we have added to our expertise in this area in response to strong growth in 2003. In addition, we are considering additional UCM acquisitions.

We are also continuing to pursue marketing relationships to offer our payroll/HR outsourced services to mid-sized companies. And we are continually developing new services that complement what we already do. One such example is fraud detection, using employment databases to identify “double dipping” from state unemployment funds.

Operational and financial performance delivers value to investors.

In 2003, TALX delivered on its commitment to successful integration of the UCM acquisitions. That success provides the basis for further growth, and supports confidence in our ability to achieve that growth.

In 2003, we also demonstrated our commitment to deliver value to investors, with the reactivation of our stock repurchase program, and an increase in our quarterly dividend. We expect to maintain strong growth in revenues, cash flow, and earnings, and we are determined to deliver the benefits to TALX investors.

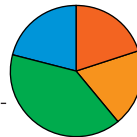
MARKET LEADERSHIP, ROOM FOR GROWTH

TALX UC eXpress is the leader in unemployment cost management, with 22 percent of the market, and 37 percent of the outsourced market. But there is still significant room for growth, with 40 percent of companies still handling unemployment claims in-house. The Work Number is the leader in employment and income verification, with 91 percent share of the automated market. But 58 percent of the verification market is yet to be outsourced, providing ample opportunity for further growth.

Source: TALX marketplace analysis

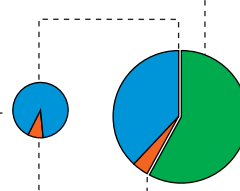
TALX Market Position

40% of the UCM market is not outsourced



58% of the verification market is not outsourced

91% of the outsourced market belongs to The Work Number



Total UCM Market (Estimate)

- 22% TALX
- 20% Competitors
- 18% Payroll processors
- 40% Not outsourced – Room for growth

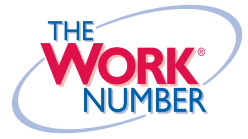
Total Market for Verification of Employment* (Estimate)

- 38% TALX
- 4% Competitors
- 58% Not outsourced – Room for growth

* number of employees at companies with > 3,500 employees

TALX services are centered on payroll-related processes. TALX automated services make it easier for employers and employees to enter personal information, to report time, and to update information for tax withholding and direct deposit. In addition, by simply transferring employee data to TALX, employers can outsource a whole range of functions involving outputs from payroll data, such as paperless pay, unemployment cost management, W-2 administration, and employment verification.

We leverage employers' investments in their payroll/HR systems, providing services that give our clients a good return on their investment with measurable savings and improved employee service. We also serve companies and agencies that use our payroll database to verify employment and income for mortgage applications, pre-employment screening, and social services.



The Work Number Services

Unemployment Cost Management Services

TALX transforms
paper-based payroll
and HR data into elec-
tronically accessible
information – accurate
and secure.

TALX simplifies
a wide range of
payroll/HR data-related
functions – from a
single source.

TALX delivers
the savings, conven-
ience, and satisfaction
that clients expect
from a leader.

- This national database of employee payroll records is accessible to authorized users to verify employment and income for mortgage and credit approval, pre-employment screening, tenant screening, and social services eligibility. Information is timely, accurate, and available at the touch of a button.

- Employers can outsource employment and income verification – they simply transmit payroll data directly to TALX each pay period.
- Authorized organizations can verify an applicant's employment via Internet or phone utilizing interactive voice response technology.
- Employees control release of their income information.

- Employers save staff time and expenses and reduce their risk of liability from providing erroneous or unauthorized information.
- Employees have control over third-party access to information, without the need to notify co-workers.
- Verifiers get convenient access to information, accurate and secure.

- This suite of electronic paperless pay services complements direct deposit, and gives employees the ability to review their paystubs and update their direct deposit information and W-4 forms, online or on the phone. It also provides employers with all the capabilities they need to pay employees using payroll cards.

- Employers can achieve truly paperless pay by replacing the printed paystubs that are distributed to employees with direct deposit.
- Convenient self-service employee access to payroll and direct deposit information reduces administrative burdens while increasing employee satisfaction.

- Employers eliminate paper-based processes and manual keying errors, reduce calls to the payroll department, and increase participation in direct deposit.
- Employees have anytime access to current and historical payroll information without filing and retrieving paystubs.

- This suite of services provides an end-to-end solution that automates all aspects of the W-2 process, from printing and distributing the initial W-2 forms, to facilitating corrections and issuing duplicate statements.

- Employers transmit their W-2 data file to TALX, and W-2 eXpress handles the printing and distribution of W-2 forms to employees.
- Employees can request a W-2 correction and/or reissue via Internet or phone and can choose among three delivery options: Web printout, fax, or mail.

- W-2 eXpress relieves the burden on payroll staff and the need for temporary staff during tax season.
- Through TALX alliances, employees can securely import their W-2 information directly into leading tax preparation software programs, which can significantly reduce errors and speed up filing.

- FasTime timesheet collection and approval services automate the capture and reporting of time, expenses, and mileage. FasTime collects time in any format for salaried, hourly, and contract workers. It can be integrated with the existing payroll system and is highly scalable.

- Any employee can use a toll-free phone number or the Internet to report time and expenses, creating an electronic timesheet that automatically goes to the manager for approval. The reviewed information then goes to the payroll system in the appropriate format.

- Automating time collection eliminates inefficiencies of manually processing paper timesheets and erroneous data entry.
- FasTime is convenient for manager approval, and employees do not have to fax, mail, pick up or drop off timecards.

- State unemployment taxes involve complicated record-keeping and reporting requirements subject to various deadlines. TALX UC eXpress offers employers a convenient outsourcing alternative that can save money and improve efficiency.

- UC eXpress helps companies manage and process unemployment claims and provides reports on separations and claims.
- TALX files state unemployment forms, audits state unemployment charges, and provides client representation at appeals and hearings.

- UC eXpress handles the complex reporting and monitoring of unemployment insurance – especially for multi-state companies facing many different requirements.
- By auditing unemployment charges, TALX can help clients recover dollars on state charge errors and reduce future unemployment tax payments.

- States track unemployment benefits and allocate them back to previous employers through unemployment charges, which in turn impact an employer's future tax rates. TALX can help employers control their unemployment charges and future tax rates.

- UC eXpress analyzes payroll data to show employers how they can control their state taxes by managing employee separations and aligning policies with states' unemployment compensation processes.
- TALX reviews the client's state unemployment tax rates and offers guidance on methods to reduce the assigned rates.

- By reviewing company procedures and analyzing the potential impact of mergers, acquisitions, and reorganizations, UC eXpress can help clients develop strategies to reduce their unemployment taxes.

TALX serves 7,000 employers as clients

of our industry-leading services in unemployment cost management and verification of employment and income. The employers we serve include not only the large corporations – comprising two-thirds of the *Fortune* 500 – and federal agencies listed here, but also many mid-sized companies. In addition, many companies and government agencies use TALX services to verify employment and income for pre-employment screening, mortgage approvals, and social service benefits.

FORTUNE 500 COMPANIES

A

Abbott Laboratories
Ace Hardware Corporation
ADP, Inc.
Advance Auto Parts, Inc.
Aetna, Inc.
Affiliated Computer Systems
Airborne Express
Albertson's, Inc.
Alcoa, Inc.
Allied Waste North America, Inc.
Allstate Corporation
Amazon.com, Inc.
Amerada Hess Corporation
Ameren Corporation
American Axle & Manufacturing, Inc.
American Express Company
American Family Mutual Insurance Co.
American Financial Corporation
American Standard Companies, Inc.
AmerisourceBergen Corporation
AMR Corporation
AmSouth Bancorporation
Anheuser-Busch Companies, Inc.
Anthem, Inc.
AOL Time Warner Inc.
AON Corporation
Apple Computer, Inc.
ARAMARK Corporation
Archer Daniels Midland Company
Arrow Electronics, Inc.
ArvinMeritor, Inc.
Ashland Inc.
AT&T Corp.
AutoZone, Inc.
Avaya Inc.
Avery Dennison Corporation

B

Bank of America Corp
Bank One Corporation
Barnes & Noble, Inc.
Baxter International, Inc.
BB&T Corporation
Bear Stearns Companies Inc.
Becton, Dickinson and Company
Berkshire Hathaway Inc.
(Shaw Industries subsidiary)
Best Buy Company Incorporated

BJ's Wholesale Club, Inc.
Boeing Company
Borders Group
Bristol-Myers Squibb Company
Brunswick Corporation
Burlington Northern Santa Fe Railway

C

Campbell Soup Company
Capital One Financial Corporation
Cardinal Health, Inc.
(Allegiance subsidiary)
Caremark Rx, Inc. and Affiliates
Cendant Corporation
Cenex Harvest States Cooperatives
Charles Schwab & Co., Inc.
Charter Communications, Inc.
Chase Manhattan Mortgage
ChevronTexaco
Chubb Corporation
CIGNA Corporation
Cinergy Corp.
Circuit City Stores, Inc.
Cisco Systems, Inc.
CIT Group Inc.
Citigroup
Clear Channel Communications
CMS Energy Corporation
CNF Inc. (CNF Services subsidiary)
Coca-Cola Company
Coca-Cola Enterprises Inc.
Colgate-Palmolive Company
Comcast Corporation
Comerica, Inc.
Computer Sciences Corporation
ConAgra Foods, Inc.
ConocoPhillips (Tosco subsidiary)
Conseco, Inc.
Consolidated Edison, Inc.
Continental Airlines, Inc.
Cooper Tire and Rubber Company
(Cooper Standard Automotive subsidiary)
Coors Brewing Company
Costco Wholesale Corporation
Countrywide Credit Industries
Cox Communications, Inc.
Crown Cork & Seal Company, Inc.
CSX Corporation
CVS/Pharmacy

D

Delta Air Lines, Inc.
Dillard's, Inc.
Dole Food Company, Inc.
Dollar General Corporation
Dominion
Dow Chemical Company
DuPont Company

E

Eastman Kodak Company (Qualex and Kodak Polychrome subsidiaries)
Eaton Corporation
Edison International
El Paso Corporation
Electronic Data Systems Corporation
Emerson Electric Company
Entergy Corporation
Equity Office Properties Management Corp.
Erie Indemnity Company
Exelon Corporation
Exxon Mobil Corporation

F

Family Dollar Stores, Inc.
Fannie Mae
Farmland Industries, Inc.
Federal-Mogul Corporation
Federated Department Stores, Inc.
FedEx Corporation
Fifth Third Bancorp
First American Corporation
First Data Corporation
FirstEnergy Corp.
(MYR Group subsidiary)
Fisher Scientific Company
FleetBoston Financial Corporation
Fleming Companies, Inc.
Fluor Corporation
Foot Locker, Inc.
Ford Motor Company
Fortune Brands, Inc.
(Master Lock subsidiary)
FPL Group, Inc.
Freddie Mac

G

Gannett Company, Inc.
Gap, Inc.
General Dynamics Corporation
General Electric
Genuine Parts Company
Georgia-Pacific Corporation
General Motors (GMAC subsidiary)
Golden West Financial Corporation
Goldman, Sachs & Co.
Goodrich Corporation
Goodyear Tire & Rubber Company
Graybar Electric Company, Inc.
Guidant Corporation

H

H&R Block, Inc.
Harrah's Entertainment, Inc.
Hartford Financial Services Group, Inc.
HCA Inc.
Health Net, Inc.
Hershey Foods Corporation
Hewlett-Packard Company
Hilton Hotels Corporation
Home Depot, Inc.
Honeywell International Inc.
Host Marriott Corporation
Household, Inc.
Hughes Supply, Inc.
Humana, Inc.

I

Intel Corporation
International Paper Company
Interstate Brands Corporation

J

J.P. Morgan Chase & Co.
Jacobs Engineering Group Inc.
JCPenney Company, Inc.
John Hancock Mutual Life Insurance Company
Johnson & Johnson
Johnson Controls, Inc.

K

Kellogg Company
 Kelly Services, Inc.
 Kerr-McGee Corporation
 KeyCorp
 Kindred Healthcare, Inc.
 Kmart Corporation
 Kohl's Corporation
 Kroger Company

L

Land O'Lakes, Inc.
 Lear Corporation
 Leggett & Platt Inc.
 Lehman Brothers, Inc.
 Lennar Corporation
 Lennox International, Inc.
 Level 3 Communications, Inc.
 (Software Spectrum subsidiary)
 Levi Strauss & Co.
 Liberty Mutual Group
 Limited Brands, Inc.
 Liz Claiborne, Inc.
 Lockheed Martin Corporation
 Loews Corporation
 (CNA Financial subsidiary)
 Lowe's Companies, Inc.
 Lucent Technologies Inc.
 Lyondell Chemical Company

M

3M Corporation
 Manpower, Inc.
 Marathon Oil
 Marriott International Corporation
 Marsh, Inc.
 Masco Corporation
 Massachusetts Mutual
 Life Insurance Co.
 Mattel, Inc.
 Maxtor Corporation
 May Department Stores Company
 MBNA Corporation
 McDonald's Corporation
 McKesson Corporation
 MeadWestvaco Corporation
 Medtronic, Inc.
 Mellon Financial Corporation
 Merck & Co., Inc.
 Merrill Lynch & Co., Inc.
 MetLife and Affiliates
 MGM Grand Resorts
 Microsoft Corporation
 Mirant Corporation
 Mohawk Industries, Inc.
 Morgan Stanley Dean Witter & Co.
 Motorola, Inc.
 Mutual of Omaha Companies

N

National City Corporation
 Nationwide Insurance Companies
 Navistar International
 (International Truck & Engine
 is the operating company)
 NCR Corporation
 New York Life Insurance Company
 Newell Rubbermaid, Inc.
 NEXTEL Communications, Inc.
 NiSource Inc.

Nordstrom, Inc.
 Norfolk Southern Corporation
 Northeast Utilities Service Co.
 and affiliates
 Northrop Grumman Corporation
 Northwest Airlines Corporation
 Northwestern Mutual Life Insurance
 Co. (Frank Russell Co. subsidiary)
 NVR, Inc.

O

Occidental Petroleum Corporation
 Office Depot, Inc.
 Omnicom Group Inc.
 (TBWA subsidiary)
 Owens & Minor, Inc.
 Owens Corning Corporation
 Owens-Illinois, Inc.
 Oxford Health Plans, Inc.

P

PacifiCare Health Systems, Inc.
 Park Place Entertainment Corporation
 Parker Hannifin Corporation
 Pathmark Stores, Inc.
 Pepsi Bottling Group, Inc.
 PepsiAmericas, Inc.
 PepsiCo, Inc.
 Peter Kiewit Sons', Inc.
 Pfizer, Inc.
 PG&E Corporation
 Pharmacia Corporation
 Pitney Bowes Incorporated
 PNC Bank Corporation
 PPL Corporation
 Praxair, Inc.
 Principal Financial Group
 Procter & Gamble Company
 Provident Financial Corporation
 Prudential Insurance Company
 of America
 Public Service Enterprise
 Group Incorporated

Q

Quest Diagnostics Inc.
 Qwest Communications
 International Inc.

R

RadioShack Corporation
 Raytheon Company
 Roadway Express, Inc.
 Rockwell Automation Control Systems
 Ross Stores, Inc.
 Roundy's, Inc.
 RR Donnelley & Sons Company
 Ryder Transportation Services

S

Safeway Inc.
 Saks Incorporated
 Sallie Mae, Inc.
 Sara Lee Corporation
 SBC Communications Inc.
 Schering-Plough Corporation
 Sears, Roebuck & Company
 Sempra Energy
 ServiceMaster Management
 Company, Ltd

Shaw Group, Inc.
 (Stone & Webster subsidiary)
 Sherwin-Williams Company
 ShopKo Stores, Inc.
 Smithfield Foods, Inc. (Smithfield
 Packing Company subsidiary)
 Smurfit-Stone Container Corporation
 Solectron Corporation
 Southern Company
 SouthTrust Corporation
 Sprint Corporation
 St. Paul Companies, Inc.
 Staples, Inc.
 Starbucks Corporation
 Starwood Hotels & Resorts
 Worldwide, Inc.
 State Farm Insurance Companies
 Stryker Howmedica Osteonics Corp.
 Sun Microsystems, Inc.
 Sunoco, Inc.
 SunTrust Banks, Inc.
 SuperValu Stores, Inc.
 SYSCO Corporation

T

Target Corporation
 Tech Data Corporation
 Telephone & Data Systems, Inc.
 Temple-Inland Inc. (Inland
 Paperboard and Packaging
 subsidiary)
 Tenet Healthcare Corporation
 Tenneco Automotive Inc.
 Tesoro Petroleum Companies, Inc.
 TJX Companies, Inc.
 Tribune Company
 Tyson Foods, Inc.

U

U.S. Bancorp
 UAL Corporation
 Unisys Corporation
 United Parcel Service, Inc.
 United Stationers Supply Company
 United Technologies Corporation
 UnitedHealth Group, Inc.
 Universal Health Services, Inc.
 Unocal
 UNUMProvident Corporation
 US Airways Group, Inc.
 USG Corporation

V

Verizon Communications Inc.
 Viacom, Inc. (CBS Corporation
 subsidiary)

W

W.W. Grainger, Inc.
 Wachovia Corporation
 Walgreen Co.
 Wal-Mart Stores, Inc.
 Walt Disney Company
 Washington Mutual, Inc.
 Waste Management, Incorporated
 Wellpoint Health Networks
 Wells Fargo & Company
 Whirlpool Corporation
 Williams Companies, Inc.
 Winn-Dixie Stores, Inc.

X

Xerox Corporation

Y

Yellow Corporation
 York International Corporation
 YUM! Brands

U.S. FEDERAL GOVERNMENT

U.S. Departments of:
 Agriculture
 Interior
 Defense (Civilian Employees)
 General Service Center
 Administration (GSA)
 Commerce
 Education
 Energy
 Homeland Security
 Housing and Urban Development
 and Interagency Council for the
 Homeless
 Justice
 Department of Labor
 Transportation
 Treasury
 Veterans Administration
 Army & Air Force Exchange Service
 Equal Employment Opportunity
 Commission
 Export/Import Bank of the US
 Federal Deposit Insurance Corporation
 Federal Communications Commission
 Federal Emergency Management
 Agency
 Federal Retirement Thrift Investment
 Board
 Federal Trade Commission
 Harry S. Truman Scholarship
 Foundation
 Inter-American Foundation
 Internal Revenue Service
 James Madison Memorial Fellowship
 Foundation
 Library of Congress
 Merit Systems Protection Board
 National Aeronautics & Space
 Administration
 National Institute of Standards and
 Technology
 National Labor Relations Board
 Navy Exchange Service (NEXCOM)
 Nuclear Waste Technical Review
 Board
 Overseas Private Investment
 Corporation
 Pension Benefit Guaranty Corporation
 Presidio Trust
 Securities and Exchange Commission
 Selective Service System
 Smithsonian Institution
 Social Security Administration
 U.S. Holocaust Memorial Council

TRANSFER AGENT AND REGISTRAR

Mellon Investor Services LLC
P.O. Box 3315
South Hackensack, New Jersey 07606-1915
Shareholder Information: 1-888-213-0965
www.melloninvestor.com

ANNUAL MEETING

The annual meeting of shareholders will be held at 2:00 p.m. C.D.T. on Thursday, September 4, 2003, at the Ritz Carlton of St. Louis, 100 Carondelet Plaza, St. Louis, Missouri 63105.

INVESTOR RELATIONS

TALX Corporation
Attention: Investor Relations
1850 Borman Court
St. Louis, Missouri 63146

FORM 10-K

A copy of the Company's Form 10-K, as filed with the Securities and Exchange Commission, will be furnished without charge upon written request to Investor Relations.

CORPORATE ADDRESS, TELEPHONE, FAX, WEBSITE

TALX Corporation
1850 Borman Court
St. Louis, Missouri 63146
314-214-7000
314-214-7588 fax
www.talx.com

AUDITORS

KPMG LLP
10 South Broadway, Suite 900
St. Louis, Missouri 63102

CORPORATE COUNSEL

Bryan Cave LLP
One Metropolitan Square, Suite 3600
St. Louis, Missouri 63102

STOCK INFORMATION

The Company's Common Stock is listed on the Nasdaq National Market under the symbol "TALX." The table below sets forth the high and low prices (as adjusted for stock splits and dividends) of the Common Stock during the past two years.

Fiscal 2002	High	Low
First Quarter	\$37.85	\$19.70
Second Quarter	35.14	17.02
Third Quarter	25.36	14.11
Fourth Quarter	25.60	15.50

Fiscal 2003

First Quarter	\$19.90	\$14.36
Second Quarter	19.13	8.93
Third Quarter	15.28	6.94
Fourth Quarter	14.95	11.61

The approximate number of holders of record of the Company's Common Stock at May 16, 2003, was 135. This number does not include shareholders for whom shares are held in a "nominee" or "street" name.

During fiscal 2001, the Company began paying dividends on the Common Stock on a quarterly basis. The following table sets forth dividends declared per share of Common Stock for the periods indicated:

Fiscal 2002	
First Quarter	\$0.03
Second Quarter	0.03
Third Quarter	0.03
Fourth Quarter	0.03

Fiscal 2003

First Quarter	\$0.03
Second Quarter	0.03
Third Quarter	0.03
Fourth Quarter	0.04

Any future determination to pay dividends will be at the discretion of the Company's Board of Directors and will be dependent upon the Company's earnings, capital requirements and operating and financial condition, and such other factors as the Board of Directors may deem relevant. See item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) regarding certain contractual restrictions on dividends.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains certain statements about future results, performance, expectations, or intentions that may be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements in the Letter to Shareholders and the other narrative text in this report. These statements relate to, among other things, business trends and prospects, and potential future profitability, revenue growth, and positive cash flows. All statements other than statements of historical facts included in the report are forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Actual results could differ materially from those projected in the forward-looking statements as a result of risks facing us. Such risks include, but are not limited to,

- (1) pending litigation, investigations, and possible future proceedings as a result of our recent financial statement restatement,
- (2) our ability to effectively integrate acquired companies and capitalize on cross-selling opportunities,
- (3) our ability to manage contingent liabilities and retain employer-customers of acquired companies,
- (4) our ability to increase the size and range of applications for The Work Number database and successfully market current and future payroll and human resources application services,
- (5) fluctuations in The Work Number revenue due to changes in the level of residential mortgage activity and interest rates,
- (6) changes in mortgage documentation requirements in the secondary market,
- (7) our ability to maintain accurate and confidential data,
- (8) future challenges regarding applicability of the Fair Credit Reporting Act or any new privacy legislation or interpretation of existing laws,
- (9) changes in economic conditions or unemployment compensation laws,
- (10) risk of interruption of our computer network and telephone operations.

See the Company's Form 10-K for a more complete description of these and other risk factors. We do not undertake any obligation to update these forward-looking statements, even though our situation may change in the future.

BOARD OF DIRECTORS



William W. Canfield
Mr. Canfield is President and Chief Executive Officer of TALX Corporation and a director since 1986. He has served as Chairman of the Board since 1988.



Richard F. Ford
Mr. Ford is the Managing General Partner of Gateway Associates, L.P., a venture capital management firm, St. Louis, Missouri. He has been a director since 1987.



Tony G. Holcombe
Mr. Holcombe is Chief Executive Officer of Valutec Card Solutions, a provider of gift, stored value, and loyalty cards to the small business market, Franklin, Tennessee. He was elected a director in December 2002.



Craig E. LaBarge
Mr. LaBarge is the President and Chief Executive Officer of LaBarge, Inc., a corporation engaged in engineering and manufacturing of electronic systems and complex interconnect assemblies, St. Louis, Missouri. He has been a director since 1994.



Eugene M. Toombs
Mr. Toombs is the President and Chief Executive Officer of MiTek, Inc., an international building components corporation, St. Louis, Missouri. He has been a director since 1994.



M. Steve Yoakum
Mr. Yoakum is the Executive Director of The Public School Retirement System of Missouri (PSRS), the largest retirement plan in Missouri that provides the primary retirement benefits for the overwhelming majority of Missouri's educators, Jefferson City, Missouri. He has been a director since 1991.

EXECUTIVE OFFICERS



William W. Canfield
Mr. Canfield is President and Chief Executive Officer of TALX Corporation and a director since 1986. He has served as Chairman of the Board since 1988.



Craig N. Cohen
Mr. Cohen was elected Executive Vice President in May 2003. He is responsible for mergers and acquisitions, product development, and other operational activities. He previously served as Chief Financial Officer, beginning in 1994.



L. Keith Graves
Mr. Graves was elected Chief Financial Officer in May 2003. He is responsible for financial accounting and external reporting, as well as human resources and facilities operations. He previously served as Chief Accounting Officer, and has been with TALX since 1997.



Stephen E. Hoffmann
Mr. Hoffmann was named President, TALX UC eXpress in May 2003. He was previously Executive Vice President of The Frick Company. After Frick was acquired by TALX in March 2002, he managed the UC eXpress sales organization.



Michael E. Smith
Mr. Smith is Vice President, Market Development. He is responsible for corporate marketing, sales force automated support, sales and service training, and marketplace research. He has been with TALX since 1973.

MANAGEMENT TEAM

Edward W. Chaffin
Regional Vice President, Midwest and Southeast Regions

Robert H. Bell
Managing Director of Sales, Southeast Region

Joyce M. Dear
Director, Quality Assurance

David C. Fowler
Director, Product Management

David N. Meinert
Director, Client Support

Ellen A. Stanko
Director, Human Resources

Richard O. Herrmann
Regional Vice President, Western Region and Division President, FasTime Services

Janet M. Ford
Managing Director of Sales, Midwest Region

Gene A. DeBons
Director of Sales, Western Region

Bryan D. Garcia
Director, Product Development

Lee E. Perry
Regional Director, Client Relationships

Thomas C. Werner
Director, General Counsel

Douglas M. Kennedy
Regional Vice President, Northeast Region

Stacey A. Simpson
Managing Director of Sales, Northeast Region

Jacqueline J. Engel
Director, Marketing

Kristin M. Harty
Director of Sales, Great Lakes Region

Lou S. Reavis
Regional Director, Client Relationships

Barry R. Whittington
Director, The Work Number Operations

Mary Pick
Regional Vice President, Great Lakes Region

Arno B. Zimmer
Managing Director of Sales, Partner Development

John M. Foley
Director, Professional Services

Donald R. Kehr
National Sales Director, Verifiers

Kenneth R. Rodini
Regional Director, Client Relationships

John F. Williamson
Director, Client Services

TALX is a leading business process outsourcer (BPO) offering strategic information services that surround an employer's payroll and human resources systems. TALX services transform payroll and HR processes by removing paper and manual methods, and make information electronically accessible via corporate portals, intranets, and telephone. TALX's UC eXpressSM is the nation's premier unemployment cost management service, and The Work Number[®] is America's leader in employment and income verification. To support key payroll processes, TALX also offers a suite of paperless pay services, W-2 services for employers and employees, and electronic time reporting. TALX Corporation's common stock trades on the Nasdaq Stock Market[®] under the symbol TALX.

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