

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D. C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)  
 of the Securities Exchange Act of 1934

FOR QUARTER ENDED MARCH 31, 1995

COMMISSION FILE NUMBER 0-14948

FISERV, INC.

-----  
 (Exact name of Registrant as specified in its charter)

WISCONSIN

39-1506125

-----  
 (State or other jurisdiction of  
 incorporation or organization)

-----  
 (I. R. S. Employer  
 Identification No.)

255 FISERV DRIVE, BROOKFIELD, WI.

53045

-----  
 (Address of principal executive office)

-----  
 (Zip Code)

Registrant's telephone number, including area code:(414) 879 5000

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

At March 31, 1995, 39,325,842 shares of common stock of the Registrant were outstanding.

Exhibit Index appears at page 8.

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PART I. FINANCIAL INFORMATION

FISERV, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME  
 for the Three Month Periods Ended March 31, 1995 and 1994

	Three Months Ended March 31,	
	1995	1994
	-----	
	(In thousands except per share amounts)	
	-----	-----
REVENUES	\$152,605	\$135,896
COST OF REVENUES:		
Salaries, commissions and payroll related costs	73,430	66,777
Data processing expenses, rentals and telecommunication costs	22,388	21,048
Other operating expenses	27,287	25,146
Depreciation and amortization of property and equipment	8,961	6,446
Amortization of intangible assets	2,746	2,665
Capitalization of internally generated computer software	(1,649)	(2,112)
Total cost of revenues	133,163	119,970
OPERATING INCOME	19,442	15,926
Interest expense-net	1,731	1,446
INCOME BEFORE INCOME TAXES	17,711	14,480
Income tax provision	7,262	5,792
NET INCOME	\$10,449	\$8,688

Net income per common and common equivalent share	\$0.26	\$0.22
Shares used in computing net income per share	40,065	39,605

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	MARCH 31, 1995	December 31, 1994
	-----	-----
	(In thousands)	
<b>ASSETS</b>		
Cash and cash equivalents	\$30,626	\$28,294
Accounts receivable	117,837	120,033
Prepaid expenses and other assets	35,851	34,391
Trust account investments	714,641	807,819
Other investments	62,965	64,777
Property and equipment-net	121,004	113,448
Internally generated computer software-net	69,388	67,820
Identifiable intangible assets relating to acquisitions-net	32,401	34,090
Goodwill-net	152,532	147,686
	-----	-----
<b>TOTAL</b>	<b>\$1,337,245</b>	<b>\$1,418,358</b>
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$22,054	\$21,440
Accrued expenses	45,807	59,126
Accrued income taxes	3,075	1,851
Deferred revenues	22,881	10,836
Trust account deposits	714,796	809,324
Long-term debt	136,458	139,864
Other long-term obligations	2,578	2,314
Deferred income taxes	27,266	22,800
	-----	-----
<b>TOTAL LIABILITIES</b>	<b>974,915</b>	<b>1,067,555</b>
	-----	-----
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock outstanding, 39,326,000 and 39,157,000 shares, respectively	393	392
Additional paid-in capital	184,811	184,574
Unrealized gain on investments	11,623	11,054
Accumulated earnings	165,503	154,783
	-----	-----
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>362,330</b>	<b>350,803</b>
	-----	-----
<b>TOTAL</b>	<b>\$1,337,245</b>	<b>\$1,418,358</b>
	=====	=====

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
for the Three-Month Periods Ended March 31, 1995 and 1994

	Three Months Ended March 31,	
	1995	1994
	-----	-----
	(In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$10,449	\$8,688
Adjustments to reconcile income to net cash provided by operating activities:		
Deferred income taxes	4,073	4,500
Depreciation and amortization of property and equipment	8,961	6,446
Amortization of intangible assets	2,746	2,665
Capitalization of internally generated computer software-net	(1,649)	(2,112)
	-----	-----
	24,580	20,187
Cash provided (used) by changes in assets and liabilities, net of effects from acquisitions of businesses:		

Accounts receivable	2,521	7,884
Prepaid expenses and other assets	(1,047)	726
Accounts payable and accrued expenses	(13,424)	(10,936)
Deferred revenue	10,484	3,565
Income taxes payable	1,224	711
	-----	-----
Net cash provided by operating activities	24,338	22,137
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(15,589)	(16,642)
Investments and other assets	2,674	(2,252)
Payment for acquisition of businesses	(4,934)	2,677
Trust account investments	93,278	(182,682)
	-----	-----
Net cash provided (used) by investing activities	75,429	(198,899)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings and other long-term obligations-net	(3,140)	4,573
Issuance of common stock	233	(5)
Trust account deposits	(94,528)	180,655
	-----	-----
Net cash provided (used) by financing activities	(97,435)	185,223
	-----	-----
Change in cash	2,332	8,461
Beginning balance	28,294	35,934
	-----	-----
Ending balance	\$30,626	\$44,395
	=====	=====

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet as of March 31, 1995, and the related consolidated statements of income and cash flows for the three-month periods ended March 31, 1995 and 1994 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented as permitted by Form 10-Q, and do not contain certain information included in the annual financial statements and notes of FIServ, Inc. and subsidiaries (the Company or the Registrant).

2. SHARES USED IN COMPUTING NET INCOME PER SHARE

	Three Months Ended	
	March 31,	
	1995	1994
	-----	
	(In thousands)	
Weighted average number of common shares outstanding	39,251	38,834
Shares issuable upon exercise of options reduced by the number of shares which could have been purchased with the proceeds of such exercise	814	771
	-----	-----
Shares used	40,065	39,605
	-----	-----

Income per common and common equivalent share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the periods.

3. ACCOUNTING FOR INCOME TAXES

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating and tax credit carryforwards. Significant components of the Company's net deferred tax liability as of March 31, 1995 and December 31, 1994 are as follows:

	MARCH, 31 1995	December 31, 1994
	-----	-----
Allowance for doubtful accounts	\$1,610,000	\$1,571,000
Accrued expenses not currently deductible	8,995,000	11,392,000
Other	2,134,000	1,931,000
Net operating loss and credit carryforwards	6,850,000	5,901,000
Deferred costs	(5,638,000)	(4,911,000)
Internally generated capitalized software	(28,443,000)	(27,120,000)
Excess of tax over book depreciation and amortization	(4,697,000)	(4,069,000)
Unrealized gain on investments	(8,077,000)	(7,495,000)

Total	----- (\$27,266,000) =====	----- (\$22,800,000) =====
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#### 4. SUPPLEMENTAL CASH FLOW INFORMATION

	Quarter Ended March 31,	
	1995	1994
	-----	
	(In thousands)	
Income taxes paid	\$1,379	\$745
Interest paid	1,690	619
Liabilities assumed in acquisitions of businesses	2,639	
	-----	-----

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#### 5. SUBSEQUENT EVENT

Subsequent to March 31, 1995, the Company announced an agreement to acquire Information Technology, Inc., a privately held company, in a transaction to be accounted for as a purchase. The purchase price of \$373 million will be paid two-thirds in cash and one-third in shares of FIServ stock. The transaction is expected to close in the second quarter of 1995.

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

##### RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the results of operations as a percentage of revenues represented by certain income and expense items and the percentage change in those items.

	Three Months Ended		
	March 31,		Percentage
	1995	1994	Increase
	-----		(Decrease)
	Percent of Revenues		
Revenues	100.00%	100.00%	12.30%
Salaries and related costs	48.12	49.14	9.96
Data processing costs	14.67	15.49	6.37
Other operating expenses	17.88	18.50	8.51
Depreciation and amortization	5.87	4.74	39.02
Amortization of intangible assets	1.80	1.96	3.04
Capitalization of software-net	(1.08)	(1.55)	(21.92)
	-----	-----	
Total cost of revenues	87.26	88.28	11.00
	-----	-----	
Operating income	12.74	11.72	22.08
	=====	=====	

##### REVENUES

Revenues increased 12.3% from \$135.9 million in the first quarter of 1994 to \$152.6 in the current first quarter. Approximately 30% of this growth resulted from the inclusion of revenues from the date of purchase of acquired companies and approximately 70% from increases in revenue from the addition of new clients, growth in the transaction volume experienced by existing clients and price increases.

##### COST OF REVENUES

Cost of revenues increased 11.0% from \$120.0 million in the first quarter of 1994 to \$133.2 million in the current first quarter. Salaries, data processing and other operating expenses all increased at a rate that was lower than the rate of increase for revenues. Depreciation and amortization increased at a higher rate than revenues due to substantial capital expenditures incurred in 1994. Capitalization of software decreased as a percentage of revenue, a trend which is expected to continue.

##### OPERATING INCOME

Operating income increased 22.1% from \$15.9 million in the first quarter of 1994 to \$19.4 million in the current first quarter. As a percentage of revenues, operating income improved 1.0% in the first quarter of 1995 as compared to the prior year period.

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##### NET INTEREST EXPENSE

As a result of acquisitions since the first quarter of 1994, which were funded through borrowing, net interest expense increased from \$1.4 million in the first quarter of 1994 to \$1.7 million in the current first quarter.

##### INCOME TAX PROVISION

Income taxes were computed at 41% in 1995 and 40% in 1994. The 41% rate is expected to apply throughout the current year.

##### NET INCOME

Net income grew 20% from \$8.7 million in the first quarter of 1994 to \$10.4 million in the first quarter of 1995, and net income per share increased 18%

from \$.22 per share in the first quarter of 1994 to \$.26 in the corresponding period of 1995.

#### LIQUIDITY AND CAPITAL RESOURCES

During the three months ended March 31, 1995, cash and cash equivalents increased \$2.3 million comprising primarily \$24.3 million net cash provided from operating activities, \$.2 million sale of common stock and \$1.4 million net decrease in investments, offset by \$15.6 million capital expenditures, \$4.9 million for acquisition of businesses and \$3.1 million net decrease in long-term debt.

Long-term obligations amounted to \$139.0 million at March 31, 1995. The majority of this debt comprises \$43.2 million senior notes due 1994 to 2001 and \$86.2 million advanced under a \$125 million unsecured line of credit and commercial paper facility expiring March 31, 1997. A facility fee ranging from .175% to .325% per annum is required on the entire bank line regardless of usage. The Company has historically applied a significant portion of its cash flow from operating activities and proceeds of its common stock offerings to acquisitions and the reduction of long-term debt and invests the remainder in short-term obligations until it is needed for further acquisitions or operating purposes.

The Company believes that its cash flow from operating activities together with other available sources of funds will be adequate to meet its funding requirements. In connection with the pending acquisition referred to in Note 5 above, the Company proposes to borrow additional funds and issue shares of its common stock as stated therein.

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#### PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Index to exhibits

(11) Statement regarding computation of per share earnings (included on page 5, Part 1).

(b) Reports on Form 8-K

During the quarter ended March 31, 1995, the Registrant did not file any reports on Form 8-K.

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FISERV, INC.

-----  
(Registrant)

Date April 25, 1995

by K.R. JENSEN

-----  
KENNETH R. JENSEN  
Senior Executive Vice President  
and Chief Financial Officer



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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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