

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2000

or

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

For the transition period from _____ to _____

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)

(262) 879 5000

(Registrant's telephone number, including area code)

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 ()

As of July 14, 2000, there were 123,224,000 shares of common stock, \$.01 par value, of the Registrant outstanding.

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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

<TABLE>

<CAPTION>

	Three Months Ended		Six Months Ended	
	2000	1999	2000	1999
	-----	-----	-----	-----
Revenues	\$416,434	\$343,252	\$812,836	\$680,381
<S>	<C>	<C>	<C>	<C>
Cost of revenues:				
Salaries, commissions and payroll related costs	198,029	163,619	387,601	323,165
Data processing expenses, rentals and telecommunication costs	28,457	26,904	56,569	57,524
Other operating expenses	78,371	69,510	153,598	133,483
Depreciation and amortization of property and equipment	17,419	14,891	34,168	29,659
Amortization of intangible assets	15,626	4,825	22,802	9,373
Amortization (capitalization) of internally generated computer software-net	(856)	989	(244)	4,040
Total cost of revenues	337,046	280,738	654,494	557,244
Operating income	79,388	62,514	158,342	123,137
Interest expense - net	(6,000)	(4,315)	(11,806)	(8,300)
Realized gain from sale of investment	2,928	-	2,928	-
Income before income taxes	76,316	58,199	149,464	114,837

Income tax provision	31,289	23,861	61,280	47,083
Net income	\$45,027	\$34,338	\$88,184	\$67,754
Net income per share:				
Basic	\$0.37	\$0.28	\$0.72	\$0.55
Diluted	\$0.36	\$0.27	\$0.70	\$0.53
Shares used in computing net income per share:				
Basic	122,991	123,498	122,807	123,364
Diluted	126,401	127,302	125,972	127,591

</TABLE>

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30, 2000	December 31, 1999
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$72,513	\$80,554
Accounts receivable-net	242,540	235,350
Securities processing receivables	2,744,627	2,196,068
Prepaid expenses and other assets	98,747	89,378
Trust account investments	1,418,519	1,298,120
Other investments	291,987	335,573
Property and equipment-net	209,943	195,333
Internally generated computer software-net	76,416	75,263
Intangible assets-net	838,677	802,071
Total	\$5,993,969	\$5,307,710
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$66,987	\$66,400
Securities processing payables	2,236,447	1,764,382
Short-term borrowings	271,300	234,350
Accrued expenses	167,092	176,443
Accrued income taxes	28,434	12,736
Deferred revenues	134,919	131,476
Trust account deposits	1,431,019	1,298,120
Deferred income taxes	42,963	59,963
Long-term debt	457,249	472,824
Total liabilities	4,836,410	4,216,694
Shareholders' equity:		
Common stock issued, 125,387,700 shares	1,254	1,254
Additional paid-in capital	456,493	458,550
Accumulated other comprehensive income	87,805	125,026
Accumulated earnings	664,694	576,510
Treasury stock, at cost, 2,167,900 and 2,804,400 shares, respectively	(52,687)	(70,324)
Total shareholders' equity	1,157,559	1,091,016
Total	\$5,993,969	\$5,307,710

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

Six Months Ended
June 30,
2000 1999

Cash flows from operating activities:		
Net income	\$88,184	\$67,754
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	8,209	6,111
Depreciation and amortization of property and equipment	34,168	29,659
Amortization of intangible assets	22,802	9,373
Amortization of internally generated computer software	19,085	19,256
	172,448	132,153
Changes in assets and liabilities, net of effects from acquisitions of businesses:		
Accounts receivable	2,533	22,937
Prepaid expenses and other assets	(8,826)	8,620
Accounts payable and accrued expenses	(14,531)	(11,499)
Deferred revenues	3,114	717
Accrued income taxes	24,698	4,632
Securities processing receivables and payables - net	(76,494)	(36,201)
Net cash provided by operating activities	102,942	121,359
Cash flows from investing activities:		
Capital expenditures	(43,563)	(35,808)
Capitalization of internally generated computer software	(19,329)	(15,216)
Payment for acquisitions of businesses, net of cash acquired	(48,691)	(87,250)
Investments	232,615	(188,811)
Net cash provided by (used in) investing activities	121,032	(327,085)
Cash flows from financing activities:		
Proceeds from short-term obligations - net	36,950	40,240
Proceeds from (repayments of) long-term obligations - net	(16,598)	2,679
Issuance of common stock	16,463	5,113
Purchases of treasury stock	(9,884)	-
Trust account deposits	(258,946)	148,575
Net cash (used in) provided by financing activities	(232,015)	196,607
Change in cash and cash equivalents	(8,041)	(9,119)
Beginning balance	80,554	71,558
Ending balance	\$72,513	\$62,439

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Principles of Consolidation

The consolidated financial statements for the three and six month periods ended June 30, 2000 and 1999 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).

2. Shares Used in Computing Net Income per Share

<TABLE>

<CAPTION>

	Three Months Ended		Six Months Ended	
	June 30, 2000	1999	June 30, 2000	1999
	<C>	<C>	<C>	<C>
	(In thousands)			
Weighted average number of common shares outstanding-basic	122,991	123,498	122,807	123,364
Common stock equivalents	3,410	3,804	3,165	4,227
Weighted average number of common and common equivalent shares outstanding-diluted	126,401	127,302	125,972	127,591

</TABLE>

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

shares outstanding during the periods. Common equivalent shares consist of stock options and are computed using the treasury stock method.

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 consisted of the following:

	June 30, 2000	December 31, 1999

	(In thousands)	
Unrealized gain on investments	\$61,937	\$87,162
Internally generated capitalized software	31,331	30,858
Excess of tax over book depreciation and amortization	19,212	19,438
Other	17,094	9,268
Purchased incomplete software technology	(45,357)	(47,663)
Accrued expenses not currently deductible	(27,218)	(25,407)
Deferred revenues	(14,036)	(13,693)

Total	\$42,963	\$59,963
	=====	

4. Supplemental Cash Flow Information

	Six Months Ended June 30,	
	2000	1999

	(In thousands)	
Interest paid	\$15,130	\$11,828
Income taxes paid	29,402	38,002
Liabilities assumed in acquisitions of businesses	397,313	199,878

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

Results of Operations

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

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999

	(Percent of Revenues)			
<S>	<C>	<C>	<C>	<C>
Revenues	100.0%	100.0%	100.0%	100.0%

Salaries and related costs	47.6	47.7	47.7	47.5
Data processing costs	6.8	7.8	6.9	8.4
Other operating expenses	18.8	20.3	18.9	19.6
Depreciation and amortization	4.2	4.3	4.2	4.4
Amortization of intangible assets	3.7	1.4	2.8	1.4
Amortization (capitalization) of software--net	(0.2)	0.3	(0.0)	0.6

Total cost of revenues	80.9	81.8	80.5	81.9

Operating income	19.1	18.2	19.5	18.1
	=====			

</TABLE>

Revenues

Revenues increased 21.3% from \$343.3 million in the second quarter of 1999 to \$416.4 million in the current second quarter, and 19.5% from \$680.4 million in the first six months of 1999 to \$812.8 million in the comparable current period. Revenue growth was derived from sales to new clients, cross-sales to existing clients, growth in transaction volume experienced by existing clients, price increases and revenues from acquired businesses. Revenues from acquired businesses approximated 45% of total revenue growth in the first six months of 2000.

Cost of Revenues

Cost of revenues increased 20.1% from \$280.7 million in the second quarter of 1999 to \$337.0 million in the current second quarter, and 17.5% from \$557.2 million in the first six months of 1999 to \$654.5 million in the first six months of 2000. The make up of cost of revenues has been affected by business

acquisitions, changes in the mix of the Company's business and operational efficiencies.

Amortization of Intangible Assets

Amortization of intangible assets increased from \$4.8 million in the second quarter of 1999 to \$15.6 million in the current second quarter, and from \$9.4 million in the first six months of 1999 to \$22.8 million in the first six months of 2000. During the second quarter of 2000, the Company recorded a charge of \$8.0 million for impairment of goodwill associated with consolidation of certain ancillary product lines in the Company's software businesses.

Operating Income

Operating income increased 27.0% from \$62.5 million in the second quarter of 1999 to \$79.4 million in the current second quarter, and increased 28.6% from \$123.1 million in the first six months of 1999 to \$158.3 million in the first six months of 2000. As a percentage of revenues, operating margins were higher during both the second quarter and first six months of 2000 when compared to the prior year periods due primarily to increased operating leverage of existing operations and higher operating margins associated with certain acquisitions.

Realized Gain from Sale of Investment

During the second quarter of 2000, the Company sold 100,000 shares of Knight Trading Group, Inc. resulting in a realized gain of \$2.9 million. As of June 30, 2000, the Company owns 3,304,930 shares of Knight Trading Group, Inc.

Income Tax Provision

Income taxes were computed at 41% in both 2000 and 1999. The 41% rate is expected to apply throughout the current year.

Net Income

Net income for the second quarter increased 31.1% from \$34.3 million in 1999 to \$45.0 million in 2000. Net income for the first six months increased 30.2% from \$67.8 million in 1999 to \$88.2 million in 2000. Net income per share--diluted for the second quarter was \$.34 in 2000, before recognizing \$.02 per share from the realized gain on sale of investment, compared to \$.27 in 1999. Net income per share--diluted for the first six months of 2000 was \$.68, before recognizing \$.02 per share from the realized gain on sale of investment, compared to \$.53 in the comparable 1999 period.

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Business Segment Information

The Company is a leading independent provider of financial data processing systems and related information management services and products to financial institutions and other financial intermediaries. The Company's operations have been classified into three business segments: Financial institution outsourcing, systems and services; Securities processing and trust services; and "All other and corporate". Summarized financial information by business segment is as follows:

<TABLE>
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	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2000	1999	2000	1999

	(In thousands)			
<S>	<C>	<C>	<C>	<C>
Revenues:				
Financial institution outsourcing, systems and services	\$313,092	\$262,423	\$606,180	\$522,809
Securities processing and trust services	87,727	65,868	174,174	127,130
All other and corporate	15,615	14,961	32,482	30,442
	-----	-----	-----	-----
Total	\$416,434	\$343,252	\$812,836	\$680,381
	-----	-----	-----	-----
Operating income:				
Financial institution outsourcing, systems and services	\$60,519	\$45,144	\$109,855	\$89,415
Securities processing and trust services	20,449	18,624	50,396	36,000
All other and corporate	(1,580)	(1,254)	(1,909)	(2,278)
	-----	-----	-----	-----
Total	\$79,388	\$62,514	\$158,342	\$123,137
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</TABLE>

Revenues in the financial institution outsourcing, systems and services business segment increased from \$262.4 million in the second quarter of 1999 to \$313.1 million in the current second quarter, and increased from \$522.8 million in the first six months of 1999 to \$606.2 million in the comparable current period. Operating income in the financial institution outsourcing, systems and services business segment increased from \$45.1 million in the second quarter of 1999 to \$60.5 million in the current second quarter, and increased from \$89.4 million in the first six months of 1999 to \$109.9 million in the first six months of 2000. Operating income and margin increases over prior periods were primarily due to continued revenue growth, increased operating leverage of existing operations and the impact of certain acquisitions.

Revenues in the securities processing and trust services business segment increased from \$65.9 million in the second quarter of 1999 to \$87.7 million in the current second quarter, and increased from \$127.1 million in the first six months of 1999 to \$174.2 million in the comparable current period. Year-to-date revenue growth was primarily derived from increased transaction volumes from existing clients and from the acquisitions of JWGenesis Clearing Corporation acquired in June 1999 and Resources Trust Company acquired in May 2000. Operating income in this business segment increased from \$18.6 million in the second quarter of 1999 to \$20.4 million in the current second quarter, and increased from \$36.0 million in the first six months of 1999 to \$50.4 million in the first six months of 2000. Operating margins in the second quarter were lower than the prior period due to several factors including stronger trust services revenue which generates a lower margin than securities processing services and an increase in reserves for customer receivables. Year-to-date operating margins were consistent with the comparable prior period.

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Liquidity and Capital Resources

The following table summarizes the Company's primary sources (uses) of funds for the six months ended June 30, 2000 and 1999:

	2000	1999

	(In thousands)	
Cash provided by operating activities before changes in securities processing receivables and payables--net	\$179,436	\$157,560
Securities processing receivables and payables--net	(76,494)	(36,201)

Cash provided by operating activities	102,942	121,359
Proceeds from short-term obligations--net	36,950	40,240
Proceeds from (repayments of) long-term obligations--net	(16,598)	2,679
Increase in investments	(26,331)	(40,236)

TOTAL	\$96,963	\$124,042
	=====	

Long-term obligations amounted to \$457.2 million at June 30, 2000 and included \$343.6 million advanced under an aggregate of \$575 million in revolving credit facilities. The Company has used a significant portion of its cash flow from operations for acquisitions and capital expenditures with any remainder used to reduce long-term debt. The Company believes that its cash flow from operations together with other available sources of funds will be adequate to meet its funding requirements. In the event that the Company makes significant future acquisitions, however, it may raise funds through additional borrowings or issuances of securities.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995 Except for the historical information contained herein, the matters discussed in this Form 10-Q are forward-looking statements that involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, services and related products, prices and other factors discussed in the Company's prior filings with the Securities and Exchange Commission. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included in this Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

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PART II. OTHER INFORMATION

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

(a) Exhibits

The exhibits listed in the accompanying exhibit index are filed as part of this Quarterly Report on Form 10-Q.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 2000.

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 July 24, 2000

by /s/ Kenneth R. Jensen

KENNETH R. JENSEN
Senior Executive Vice President, Chief
Financial Officer, Treasurer and
Assistant Secretary

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FISERV, INC.

EXHIBIT INDEX TO QUARTERLY REPORT ON FORM 10-Q
For the Quarterly Period ended June 30, 2000

- (11) Statement regarding computation of per share earnings (included in Part 1, page 5).
- (27) Financial data schedule.

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