

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, 1998

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, 1998, 53,750,850 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, 1998 and 1997

<TABLE>  
 <CAPTION>

	Three Months Ended March 31,	
	1998	1997
	-----	
	(In thousands except per share amounts)	
<S>	<C>	<C>
REVENUES	\$273,829	\$228,319
	-----	
COST OF REVENUES:		
Salaries, commissions and payroll related costs	128,183	105,758
Data processing expenses, rentals and telecommunication costs	27,396	24,766
Other operating expenses	52,373	41,311
Depreciation and amortization of property and equipment	14,198	11,563
Amortization of intangible assets	3,464	3,645
Capitalization of internally generated computer software	(1,169)	(521)
	-----	
Total cost of revenues	224,445	186,522
	-----	

OPERATING INCOME	49,384	41,797
Interest expense-net	3,367	3,487
	-----	-----
INCOME BEFORE INCOME TAXES	46,017	38,310
Income tax provision	18,867	15,707
	-----	-----
NET INCOME	\$27,150	\$22,603
	=====	=====
NET INCOME PER SHARE:		
Basic	\$0.51	\$0.44
	=====	=====
Diluted	\$0.49	\$0.43
	=====	=====
Shares used in computing net income per share:		
Basic	53,715	51,081
	=====	=====
Diluted	55,465	52,372
	=====	=====

See notes to consolidated financial statements.  
</TABLE>

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FISERV, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

<TABLE>  
<CAPTION>

	MARCH 31, 1998	December 31, 1997
	-----	
	(In thousands)	
	<C>	<C>
<S>		
ASSETS		
Cash and cash equivalents	\$83,132	\$89,377
Accounts receivable	218,766	197,771
Securities processing receivables	1,226,651	1,386,169
Prepaid expenses and other assets	86,531	91,278
Trust account investments	1,031,989	1,082,740
Other investments	129,618	125,999
Deferred income taxes	34,703	35,233
Property and equipment-net	153,011	149,055
Internally generated computer software-net	73,998	73,163
Identifiable intangible assets relating to acquisitions-net	49,490	50,426
Goodwill-net	432,977	355,280
	=====	=====
Total	\$3,520,866	\$3,636,491
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$58,533	\$53,828
Securities processing payables	1,057,928	1,184,277
Short-term borrowings	53,700	94,975
Accrued expenses	109,128	123,380
Accrued income taxes	17,160	8,436
Deferred revenues	85,783	67,569
Trust account deposits	1,033,019	1,082,740
Long-term debt	343,556	252,031
	-----	-----
TOTAL LIABILITIES	2,758,807	2,867,236
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock issued, 54,550,850 and 53,925,000 shares, respectively	546	539
Additional paid-in capital	435,803	427,785
Accumulated other comprehensive income:		
Unrealized gain on investments	16,426	16,442
Foreign currency translation adjustment	196	121
Retained earnings	351,518	324,368
Treasury shares, at cost (800,000 shares in 1998)	(42,430)	0
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	762,059	769,255
	=====	=====
TOTAL	\$3,520,866	\$3,636,491
	=====	=====

See notes to consolidated financial statements.

</TABLE>

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FISERV, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
for the Three-Month Periods Ended March 31, 1998 and 1997

<TABLE>

<CAPTION>

	Three Months Ended March 31,	
	1998	1997
	(In thousands)	
	<C>	<C>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$27,150	\$22,603
Adjustments to reconcile income to net cash provided by operating activities:		
Deferred income taxes	1,252	1,622
Depreciation and amortization of property and equipment	14,198	11,563
Amortization of intangible assets	3,464	3,645
Capitalization of internally generated computer software-net	(1,169)	(521)
	44,895	38,912
Cash provided (used) by changes in assets and liabilities, net of effects from acquisitions of businesses:		
Accounts receivable	(16,123)	(9,137)
Prepaid expenses and other assets	2,180	(1,313)
Accounts payable and accrued expenses	(5,788)	(3,450)
Deferred revenue	14,471	7,552
Income taxes payable	10,009	107
Securities processing receivables and payables-net	33,169	(11,735)
Net cash provided by operating activities	82,813	20,936
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(14,822)	(10,369)
Other investments	2,723	(62,221)
Payment for acquisition of businesses	(86,227)	(10,717)
Trust account investments	45,263	(165,011)
Net cash provided (used) by investing activities	(53,063)	(248,318)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase (decrease) in short-term obligations-net	(41,275)	22,200
Increase (decrease) in long-term obligations-net	91,520	7,840
Issuance (purchases) of common stock-net	(36,518)	1,915
Trust account deposits	(49,722)	163,137
Net cash provided (used) by financing activities	(35,995)	195,092
Change in cash	(6,245)	(32,290)
Beginning balance	89,377	101,282
Ending balance	\$83,132	\$68,992

See notes to consolidated financial statements.

</TABLE>

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1. PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet as of March 31, 1998, and the related consolidated statements of income and cash flows for the three-month periods ended March 31, 1998 and 1997 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 March 31,	
	1998	1997
	(in thousands)	
	<C>	<C>
Weighted average number of common shares outstanding	53,715	51,081
Shares issuable upon exercise of options reduced by the number of shares which could have been purchased with the proceeds of such exercise	1,750	1,291
Shares used in computing diluted-net income per share	55,465	52,372

</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.

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 asset as of March 31, 1998 and December 31, 1997 are as follows:

<TABLE>  
<CAPTION>

	March 31, 1998	December 31, 1997
	(in thousands)	
	<C>	<C>
Allowance for doubtful accounts	\$2,027	\$2,027
Accrued expenses not currently deductible	17,716	16,835
Deferred revenue	8,340	8,688
Other	580	230
Net operating loss and credit carryforwards	2,420	2,295
Purchased incomplete software technology	55,735	56,888
Deferred costs	(4,415)	(4,314)
Internally generated capitalized software	(30,339)	(29,999)
Excess of tax over book depreciation and amortization	(5,946)	(5,992)
Unrealized gain on investments	(11,415)	(11,425)
Total	\$34,703	\$35,233

</TABLE>

4. SUPPLEMENTAL CASH FLOW INFORMATION

	Quarter Ended March 31,	
	1998	1997
	(in thousands)	
Income taxes paid	\$8,793	\$11,820
Interest paid	2,433	2,183
Liabilities assumed in acquisitions of businesses	9,682	5,724

#### 5. SHAREHOLDERS' EQUITY

On February 23, 1998 the Company adopted a Shareholder Rights Plan (Plan). Under the Plan, the shareholders of record as of March 9, 1998 will be granted a dividend of one preferred stock purchase right for each outstanding share of Company common stock. The stock purchase rights are not exercisable until certain events occur. The Company filed a Form 8-K with the Securities and Exchange Commission on February 24, 1998 which provides a full description of the Plan.

The Company declared a 3 for 2 common stock split which will be effective as of May 15, 1998. No effect has been given to this action in the accompanying financial statements.

In December of 1997, the Board of Directors authorized the purchase of up to 1,000,000 shares of Company common stock in the open market in order to replace the shares issued on December 31, 1997 for the completed acquisition of Hanifen, Imhoff Holdings, Inc. accounted for on the purchase method of accounting. During the first quarter of 1998, the Company completed the purchase of 800,000 shares of Company common stock.

Effective January 1, 1998 the Company adopted the provisions of Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." Adoption of this standard did not have a material impact on the accompanying financial statements.

#### 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.

<TABLE>  
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	Three Months Ended March 31,		Percentage Increase (Decrease)
	1998	1997	
<S>	<C>	<C>	<C>
Revenues	100.0	100.0	19.9
Salaries and related costs	46.8	46.3	21.2
Data processing costs	10.0	10.8	10.6
Other operating expenses	19.1	18.1	26.8
Depreciation and amortization	5.2	5.1	22.8
Amortization of intangible assets	1.3	1.6	(5.0)
Capitalization of software-net	(0.4)	(0.2)	124.4
Total cost of revenues	82.0	81.7	20.3
Operating income	18.0	18.3	18.2

</TABLE>

##### REVENUES

Revenues increased 19.9% from \$228.3 million in the first quarter of 1997 to \$273.8 million in the current first quarter. Approximately 70% of this growth resulted from the inclusion of revenues from the date of purchase of acquired companies and approximately 30% from increases in revenue from the addition of new clients, growth in the transaction volume experienced by existing clients and price increases.

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##### COST OF REVENUES

Cost of revenues increased 20.3% from \$186.5 million in the first quarter of 1997 to \$224.4 million in the current first quarter.

##### OPERATING INCOME

Operating income increased 18.2% from \$41.8 million in the first quarter of 1997 to \$49.4 million in the current first quarter. As a percentage of revenues, operating margins for the first quarter of 1998 were slightly lower than the comparable prior period due primarily to charges related to the planned consolidation of certain product lines and the reduced impact of termination fees.

#### INCOME TAX PROVISION

Income taxes were computed at 41% in both 1998 and 1997, which rate is expected to apply throughout the current year.

#### NET INCOME

Net income grew 20.1% from \$22.6 million in the first quarter of 1997 to \$27.2 million in the first quarter of 1998, and net income per share-diluted for the first quarter was \$0.49 compared to \$0.43 in 1997. Net income per share-diluted increased \$0.10 in the first quarter of 1998 when compared to net income per share of \$0.39 as originally reported in 1997 (before the restatement of BHC Financial, Inc., an acquisition completed in the second quarter of 1997, accounted for on a pooling of interests basis). The increase in net income per share-diluted over 1997 as originally presented was consistent with management's expectations.

#### LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's primary sources of funds for the three months ended March 31, 1998 and 1997:

<TABLE>  
<CAPTION>

	1998	1997
	(In thousands)	
<S>	<C>	<C>
Cash provided by operating activities before changes in securities processing receivables and payables-net	49,644	32,671
Securities processing receivables and payables-net	33,169	(11,735)
Cash provided by operating activities	82,813	20,936
Issuance (purchases) of common stock-net	(36,518)	1,915
Decrease (increase) in investments	(1,736)	(64,095)
Increase (decrease) in net borrowings	50,245	30,040
TOTAL	94,804	(11,204)

</TABLE>

Long-term obligations amounted to \$343.6 million at March 31, 1998. The majority of this debt comprises \$112.9 million of senior notes due 1998 to 2005 and \$201.6 million advanced under a \$225 million unsecured line of credit and commercial paper facility expiring May 17, 2000, which facility can be increased to a maximum of \$375 million. A facility fee of .1% to .2% per annum is payable on the \$225 million committed amount.

The Company has historically applied a significant portion of its cash flow from operating activities and long-term borrowings to acquisitions. 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. However, in the event that the Company makes significant future acquisitions, it may raise funds through additional borrowings or issuance of securities.

#### 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, 1998, the Registrant filed three reports on Form 8-K as follows:

- 1) 1997 year end earnings release filed on January 20, 1998.
- 2) Shareholders' Rights Plan filed on February 24, 1998.
- 3) 3 for 2 stock split announcement filed on March 24, 1998.

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 21, 1998

by: /s/Charles W. Sprague

\_\_\_\_\_  
CHARLES W. SPARGUE  
Secretary

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE MARCH 1998 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH INFORMATION.

</LEGEND>

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