

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)  
of the Securities and Exchange Act of 1934

For the fiscal year ended December 31, 1996  
Commission file no. 0-14948

FISERV, INC.  
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(Exact name of Registrant as specified in its charter)

-----  
WISCONSIN

39-1506125  
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(State or other jurisdiction of  
incorporation or organization)

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

-----  
255 FISERV DRIVE, BROOKFIELD, WISCONSIN

53045  
-----

(Address of principal executive offices)

(Zip code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

NONE  
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(Title of Class)

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Common Stock, \$.01 Par Value  
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(Title of Class)

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

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of January 31, 1997: \$1,516,736,302

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of January 31, 1997: 45,360,338

DOCUMENTS INCORPORATED BY REFERENCE: List the following documents if incorporated by reference and the part of the Form 10-K into which the document is incorporated: (1) Any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933.

1996 Annual Report to Shareholders - Parts II, IV  
Proxy Statement for March 20, 1997 Meeting - Part III

Fiserv, Inc. and Subsidiaries  
Form 10-K  
December 31, 1996

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PART I  
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Item 1. Business

Fiserv was formed on July 31, 1984, through the combination of two major regional data processing firms located in Milwaukee, Wisconsin, and Tampa, Florida. These firms--First Data Processing of Milwaukee and Sunshine State Systems of Tampa--began their operations in 1964 and 1971, respectively, as the data processing operations of their parent financial institutions. Historically, operations were expanded by developing a range of services for these parent organizations as well as other financial institutions.

Since its organization in 1984, the Company has grown through the continuing development of highly specialized services and product enhancements, the addition of new clients and the acquisition of firms complementing the Fiserv organization.

Business Resources

Fiserv conducts the following operations nationwide: financial data processing, software system development, item processing and check imaging, multiple technology support and related product businesses. In addition, the Company has business support centers in Canada, England and Singapore. The Fiserv organization, headquartered in Brookfield, Wisconsin, is prepared to meet the variety of information technology and related product and service needs of the financial industry.

The Savings & Community Bank Group provides service bureau processing and resource management services for savings institution and community bank clients and item processing services for all Fiserv clients nationwide. Business units within the Savings & Community Bank Group include the following:

Savings Institutions Division with business units in New Haven, Connecticut; Tampa, Florida; Cleveland, Ohio; Pittsburgh, Pennsylvania; San Antonio, Texas; Seattle, Washington; and Brookfield, Wisconsin.

Banking Division with business units in Los Angeles, California; Miami, Florida; Atlanta, Georgia; Des Moines, Iowa; Bowling Green, Kentucky; Boston, Massachusetts; Mendota Heights, Minnesota; Amarillo, Beaumont, Houston and San Antonio, Texas; and Brookfield, Wisconsin.

Northern Item Processing Region with business units in New Haven, Connecticut; Chicago, Marion and Pontiac, Illinois; Boston, Massachusetts; Piscataway, New Jersey; Lake Success, New York; and Milwaukee, Wisconsin.

Southern Item Processing Region with business units in Little Rock, Arkansas; Jacksonville and Miami, Florida; Atlanta and Macon, Georgia; New Orleans, Louisiana; and Beaumont, Dallas, Houston and San Antonio, Texas.

Western Item Processing Region with business units in Phoenix, Arizona; Alameda, Fresno, Fullerton, Sacramento, San Diego, San Leandro, Van Nuys and Walnut, California; Denver, Colorado; Portland, Oregon; and Seattle, Washington.

Fiserv Canada with item processing sites in Burlington, Calgary, Edmonton, Halifax, London, Montreal, Ottawa, Regina, St. Catherines, Toronto, Vancouver, Victoria and Winnipeg, Canada.

The Bank & Credit Union Group provides service bureau processing, in-house software systems and strategic outsourcing for national and international bank, mortgage bank and credit union clients. Business units within the Bank & Credit Union Group include the following:

CBS Worldwide Division with business units in Fresno, California; Orlando, Florida; Arlington Heights, Illinois; London, England; and Singapore.

Financial Institutions Outsourcing Division with business units in Covina and Fresno, California; Honolulu, Hawaii; Arlington Heights, Illinois; Oklahoma City, Oklahoma; and Philadelphia and Pittsburgh, Pennsylvania.

Credit Union Division with business units in Titusville, Florida; Flint and Troy, Michigan; Minneapolis, Minnesota; and Corvallis, Oregon.

Additional business units within the Bank & Credit Union Group include BankLink cash management services (New York, New York); Mortgage Products Division (Fort Lauderdale, Florida and South Bend, Indiana); Outsourced Services Division (Stamford, Connecticut); and Fiserv EFT electronic funds transfer services (Portland, Oregon).

The Industry Products & Services Group includes all Fiserv product and service company businesses marketing to clients within the Fiserv Corporate Groups, as well as marketing direct to clients within the financial, healthcare, insurance, retail, telecommunications and related industries.

The Industry Products & Services Group includes Communications Design marketing services (Sacramento, California); Fiserv Forms & Graphics (Seattle, Washington); Fiserv Human Resource Information Services (Melville, New York); ImageSoft Technologies (Maitland, Florida); NEC Card Services (Indianapolis, Indiana and Houston, Texas); RECOM network consulting (Tampa, Florida); and Sendero Corporation asset/liability management and decision support systems (Scottsdale, Arizona; London, England and Singapore).

Fiserv is active in the servicing, administration and record keeping for Individual Retirement Accounts (IRAs) and business retirement plans. Three subsidiary companies provide retirement plan processing services--First Trust Corporation, Lincoln Trust Company and The Affinity Group--all headquartered in Denver, Colorado. The Affinity Group also does business in Florida as Retirement Accounts, Inc. Cumulatively, these Fiserv subsidiaries service approximately 311,000 retirement plans and custodial accounts with assets valued at more than \$18.12 billion.

Information Technology, Inc. (ITI) is a Fiserv subsidiary company based in Lincoln, Nebraska, with an additional software development center in Birmingham, Alabama. ITI is a nationwide leader in the design, development, delivery, installation and support of the ITI Premier banking software and related services. The ITI product serves financial institutions directly through in-house software licenses, and indirectly through outsourcing providers using ITI software.

Business Strategy

The market for products and services offered by financial institutions continues to undergo change. New alternative lending and investment products are being introduced and implemented by the industry with great frequency; the distinctions among financial services traditionally offered by savings and loan associations, banks and credit unions continue to narrow; and financial institutions diversify and consolidate on an ongoing basis in response to market pressures, as well as under the auspices of the Federal Deposit Insurance Corporation (FDIC) and the Credit Union National Association (CUNA).

Although such market changes have led to consolidations which have reduced the number of financial institutions in the United States, such consolidations have not resulted in a material reduction of the number of customer accounts serviced by the financial industry as a whole. New entrants to the once limited financial services industry have opened new markets for Fiserv services.

To stay competitive in this changing marketplace, financial institutions are finding they must aggressively meet the growing needs of their customers for a broad variety of new products and services that are typically transaction-oriented and fee-based. The growing volume and types of transactions and accounts have increased the data processing requirements of these institutions. As a consequence, Fiserv management believes that the financial services industry has become one of the largest users of data processing products and services.

Moreover, Fiserv expects that the industry will continue to require significant commitments of capital and human resources to the information systems requirements, to require application of more specialized systems, and to require development, maintenance and enhancement of applications software. Fiserv believes that economies of scale in data processing operations are essential to justify the required level of expenditures and commitment of human resources.

In response to these market dynamics, the means by which financial institutions obtain data processing services has changed. Many smaller, local and regional third-party data processors are leaving the business or consolidating with larger providers. A number of large financial institutions previously providing third-party processing services for other institutions have withdrawn from the business to concentrate on their primary, core businesses. Similarly, an increasing number of financial institutions that previously developed their own software systems and maintained their own data processing operations have outsourced their data processing requirements by licensing their software from a third party or by contracting with third-party processors to reduce costs and enhance their products and services. Outsourcing can involve simply the licensing of software, thereby eliminating the costly technical expertise within the financial institution, or the utilization of service bureaus, facilities management or resource management capability. Fiserv provides all of these options to the financial industry.

To capitalize on these industry trends and to become the premier national provider of data processing products and services, Fiserv has implemented a strategy of continuing to develop new products, improving the cost effectiveness of services provided to clients, aggressively soliciting new clients and making both opportunistic and strategic acquisitions.

#### Acquisition History

Formed	Acquired	Business	Service
1964	July 1984	First Data Processing, Milwaukee, WI	Data processing
1971	July 1984	Sunshine State Systems, Tampa, FL	Data processing
1966	Nov. 1984	San Antonio, Inc., San Antonio, TX	Data processing
1982	Oct. 1985	Sendero Corporation, Scottsdale, AZ	Asset/liability management
1962	Oct. 1985	First Trust Corporation, Denver, CO	DP for retirement planning
1962	Oct. 1985	First Retirement Marketing, Denver, CO	Retirement planning services
1973	Jan. 1986	On-Line, Inc., Seattle, WA	Data processing, forms
1966	May 1986	First City Financial Systems, Inc., Beaumont, TX	Data processing
1962	Feb. 1987	Pamico, Inc., Milwaukee, WI	Specialized forms
1975	Apr. 1987	Midwest Commerce Data Corp., Elkhart, IN	Data processing
1969	Apr. 1987	Fidelity Financial Services, Inc., Spokane, WA	Data processing
1965	Oct. 1987	Capbanc Computer Corporation, Baton Rouge, LA	Data processing
1971	Feb. 1988	Minnesota On-Line Inc., Minneapolis, MN	Data processing
1965	May 1988	Citizens Financial Corporation, Cleveland, OH	Data processing
1980	May 1988	ZFC Electronic Data Services, Inc., Bowling Green, KY	Data processing
1969	June 1988	GESCO Corporation, Fresno, CA	Data processing
1967	Nov. 1988	Valley Federal Data Services, Los Angeles, CA	Data processing
1984	Dec. 1988	Northeast Savings Data Services, Hartford, CT	Data processing
1982	May 1989	Triad Software Network, Ltd., Chicago, IL	Data processing
1969	Aug. 1989	Northeast Datacom, Inc., New Haven, CT	Data processing
1978	Feb. 1990	Financial Accounting Services Inc., Pittsburgh, PA	Data processing
1974	June 1990	Accurate Data On Line, Inc., Titusville, FL	Data processing
1982	June 1990	GTE EFT Services Money Network, Fresno, CA	EFT networks
1968	July 1990	First Interstate Management, Milwaukee, WI	Data processing
1982	Oct. 1990	GTE ATM Networks, Fresno, CA	EFT networks
1867	Nov. 1990	Boston Safe Deposit & Trust Co. IP Services, MA	Item processing
1968	Dec. 1990	First Bank, N.A. IP Services, Milwaukee, WI	Item processing
1979	Apr. 1991	Citicorp Information Resources, Inc., Stamford, CT	Data processing
1980	Apr. 1991	BMS Processing, Inc., Randolph, MA	Item processing
1979	May 1991	FHLB of Dallas IP Services, Dallas, TX	Item processing
1980	Nov. 1991	FHLB of Chicago IP Services, Chicago, IL	Item processing
1977	Feb. 1992	Data Holdings, Inc., Indianapolis, IN	Automated card services

1980	Feb.	1992	BMS On-Line Services, Inc. (assets), Randolph, MA	Data processing
1982	Mar.	1992	First American Information Services, St. Paul, MN	Data processing
1981	July	1992	Cadre, Inc., Avon, CT	Disaster recovery
1992	July	1992	Performance Analysis, Inc., Cincinnati, OH	Asset/liability management
1986	Oct.	1992	Chase Manhattan Bank, REALM Software, NY	Asset/liability management
1984	Dec.	1992	Dakota Data Processing, Inc., Fargo, ND	Data processing
1983	Dec.	1992	Banking Group Services, Inc., Somerville, MA	Item processing
1968	Feb.	1993	Basis Information Technologies, Atlanta, GA	Data processing, EFT
1986	Mar.	1993	IPC Service Corporation (assets), Denver, CO	Item processing
1973	May	1993	EDS' FHLB Seattle (assets), Seattle, WA	Item processing
1982	June	1993	Datatronix Financial Services, San Diego, CA	Item processing
1966	July	1993	Data Line Service, Covina, CA	Data processing
1978	Nov.	1993	Financial Processors, Inc., Miami, FL	Data processing
1974	Nov.	1993	Financial Data Systems, Jacksonville, FL	Item processing
1961	Nov.	1993	Financial Institutions Outsourcing, Pittsburgh, PA	Data processing
1972	Nov.	1993	Data-Link Systems, South Bend, IN	Mortgage banking services
1985	Apr.	1994	National Embossing Company, Inc., Houston, TX	Automated card services
1962	May	1994	Boatmen's Information Systems of Iowa, Des Moines	Data processing
1981	Aug.	1994	FHLB of Atlanta IP Services, Atlanta, GA	Item processing
1989	Nov.	1994	CBIS Imaging Technology Banking Unit, Maitland, FL	Imaging technology
1987	Dec.	1994	RECOM Associates, Inc., Tampa, FL	Network integration
1970	Jan.	1995	Integrated Business Systems, Glendale, CA	Specialized forms
1977	Feb.	1995	BankLink, Inc., New York, NY	Cash management
1976	May	1995	Information Technology, Inc., Lincoln, NE	Software & services
1957	Aug.	1995	Lincoln Holdings, Inc., Denver, CO	DP for retirement planning
1993	Sept.	1995	SRS, Inc., Austin, TX	Data processing
1992	Sept.	1995	ALLTEL's Document Management Services, CA, NJ	Item processing
1978	Nov.	1995	Financial Information Trust, Des Moines, IA	Data processing
1983	Jan.	1996	UniFi, Inc., Fort Lauderdale, FL	Software & services
1982	Nov.	1996	Bankers Pension Services, Inc., Tustin, CA	DP for retirement planning

#### Systems, Services and Products

No matter what a financial institution requires, Fiserv offers a business-specific solution to satisfy its needs--from data processing to specialized in-house processing systems to customized outsourcing. Within this dynamic relationship, Fiserv brings the resources, expertise and technical specialization that gives an institution the security to focus its efforts on reaching its strategic business goals.

All Fiserv products and services are designed to help clients meet their ultimate goal: giving their customers the best possible service quickly, accurately and completely. Through their relationship with Fiserv, financial institutions gain the tools to enhance and expand their customer service: advanced technology, dependable and responsive support, product and system flexibility, and value for their money.

As a technology partner, Fiserv offers data processing solutions based on the financial institution's requirements. This broad base of offerings results in delivery options including service bureau capabilities; in-house software systems; and strategic technology alliances including facilities and resource management services. A host of financial information technology products and services complement these delivery methods: item processing and imaging technology services; backroom automation software systems; electronic funds transfer services; plastic cards and other related card management services; rate risk management systems; self-directed retirement plan processing; network installation and integration services; human resources outsourcing; design and production of business forms and marketing literature; and delivery and support of leading third-party software and hardware products.

#### Comprehensive Service Dimension

Fiserv focuses on providing financial data processing systems and related information management services and products to banks, credit unions, mortgage banks, savings institutions and other financial intermediaries. This focus allows the Company to concentrate its advanced technology, industry experience, research and development on creating and supporting solutions uniquely designed for the financial industry. Based on market surveys of total clients served, Fiserv is the nation's leading independent data processing provider for banks and savings institutions; the leading item processing provider for banks and savings institutions combined; the number two data processing provider for credit unions; and the number two software and service provider for the mortgage industry.

Many financial institutions, including banks, credit unions, mortgage banks and savings institutions, rely on Fiserv data center service bureau solutions for their information processing needs. These solutions offer clients a choice of online systems compatible with their existing equipment. Fiserv data centers focus on the financial institution's needs within its local business climate, helping to better serve the customer base and provide quality service at all points of customer contact.

In-house software systems give clients a service delivery method that enables them to process their own work. These solutions offer clients a broad array of service capabilities to respond to emerging market opportunities. Specific to this Fiserv solution is the option of migrating between in-house or service bureau delivery approaches without new software conversion. The end result: a business alliance designed to help financial institutions respond to their customers while enabling each institution to select its preferred operating environment.

Strategic technology alliances offer financial institutions the option of full data processing management by Fiserv personnel on-site; or management of their systems at a Fiserv data center. Facilities Management brings Fiserv personnel to the client's site, while Resource Management brings the client's operations to one of the many Fiserv data processing or computer service centers throughout the United States. Both solutions are designed to meet the unique requirements of the client by partnering to minimize operating costs while allowing each client to maintain control of its software applications.

For institutions seeking to expand or enhance their mortgage banking capabilities, Fiserv offers a specialized line of mortgage products and services. The benefits of complete PC Windows(TM)-based origination and secondary marketing solutions and online, real-time loan servicing solutions are available to help clients effectively meet their mortgage banking needs.

Offering comprehensive item processing (IP) services to more financial institutions than any other external provider, Fiserv maintains a network of specialized, regional processing centers in 45 cities. In a field where efficiencies are gained through volume, Fiserv is well positioned to leverage its resources and technological expertise for the benefit of IP services clients nationwide. Other item processing services include: proof of deposit, inclearing, statement rendering, bulkfile, lockbox, item research, overdraft processing, qualified returns and return items, cash letter deposit, fine sorting, account reconciliation and adjustments.

A growing trend in check operations is the use of imaging technology. Fiserv offers a full range of image integration products and services. Included are image and document management systems for management, storage and presentation of check and document images.

Fiserv is among the nation's leading third-party providers of electronic funds transfer (EFT) services, providing transaction authorization, comprehensive Automated Teller Machine / Point-of-Sale (ATM / POS) processing and card management services. Product flexibility and current technology, coupled with access to all major EFT services networks, helps to keep Fiserv clients competitive.

As a leading systems integrator, Fiserv creates joint ventures that combine core competencies in hardware, software, functional application systems, networks, data management and end-user computing, along with dedicated human resources. In addition, Fiserv complements its service offerings through numerous strategic alliances with specialized third-party technology providers.

As a worldwide provider of financial decision-support systems, Fiserv offers asset/liability management, data warehousing and performance measurement solutions. Consulting services help to analyze, enhance and expedite the total financial management process.

Office automation and communication network integration services are designed to meet specialized information technology needs. Included are hardware and software installation, maintenance, on-site education and support for financial institutions.

For cash management services, Fiserv offers a variety of software products that take into account an institution's particular needs. This portfolio of cash management solutions includes electronic banking information, reporting and transaction initiation services.

Fiserv backroom automation systems provide PC-based productivity tools that deliver the software, service and support necessary to meet the customer service challenges facing the financial industry. The systems are designed to streamline backroom operations by reducing time, keystrokes and labor.

A full range of human resource, benefit and payroll information services are available through Fiserv to help large organizations enhance their personnel management tasks. Marketing communications and a comprehensive financial business forms service, including communications needs analysis and complete project management, provide assistance at all levels of planning and implementation. Concept, development and design of printed pieces, ranging from direct mail and collateral material to annual reports, assist clients in communicating with their customer base.

First Trust Corporation and Lincoln Trust Company, specialized providers of account processing, administration and trusteeship of self-directed individual and business retirement plans, are together the largest provider of their kind in the nation. Based in Denver, Colorado, these Fiserv companies specifically assist financial representatives and other financial service intermediaries in managing information through their proprietary data base technology.

## Servicing the Market

The market for Fiserv data processing services and products has specific needs and requirements, with strong emphasis placed by clients on software flexibility, product quality, reliability of service, comprehensiveness and integration of product line, timely introduction of new products and features, and cost value. Through its multiple product offerings, the Company successfully services these market needs for clients ranging in size from start-ups to some of the largest institutions worldwide.

Fiserv believes that the position it holds as an independent, growth-oriented company dedicated to its business is an advantage to its clients. The Company differs from many of the data processing resources currently available since it isn't a regional or local cooperatively owned organization, nor a data processing subsidiary, an affiliate of a financial institution or a hardware vendor. Due to the economies of scale gained through its broad market presence, Fiserv offers clients a selection of data processing solutions designed to meet the specific needs of financial institutions.

The Company believes this independence and primary focus on the financial industry helps its business development and related Client Service and Product Support teams remain responsive to the data processing needs of its market, now and for the future.

"The Client Comes First" is one of the Company's founding principles. It's a belief backed by a dedication to providing ongoing client service and support--no matter the institution size. The Fiserv Client Support and Account Management staff is responsible for the day-to-day interface with the operations of clients.

The Company's commitment of substantial resources to training and technical support helps keep Fiserv clients first. Fiserv conducts the majority of its new and ongoing client training in its data centers, where the Company maintains fully equipped demonstration and training facilities containing equipment used in the delivery of Fiserv services. Fiserv also provides local and on-site training services.

## Product Development

In order to meet the changing data processing needs of the financial institutions served by Fiserv, the Company continually develops, maintains and enhances its systems. Resources applied to product development and maintenance are believed to be approximately 8% to 10% of Company revenues, about half of

which is dedicated to software development.

Unique to Fiserv, its network of development and data processing centers applies the shared expertise of multiple Fiserv teams to design, develop and maintain specialized processing systems around the leading technology platforms. The applications of its account processing systems meet the preferences and diverse requirements of the various international, national, regional or local market-specific financial service environments of the Company's many clients.

Though all Fiserv centers rely on the Company's nationally developed and supported software, each center has specialized capabilities that enable them to offer system application features and functions unique to their client base. Where the client's requirements warrant, Fiserv purchases software programs from third parties which are interfaced with existing Fiserv systems. In developing its products, Fiserv stresses responsiveness to the needs of its clients through close client contact.

Fiserv provides a dedicated system designed, developed, maintained and enhanced according to each client's goals for service quality, business development, asset/liability mix, local-market positioning and other user-defined parameters.

#### Competition

The market for data processing services to banks, credit unions and savings institutions is highly competitive. The Company's principal competitors include internal data processing departments, data processing affiliates of financial institutions or large computer hardware manufacturers, independent computer service firms and processing centers owned and operated as user cooperatives. Fiserv competitors include EDS, M&I, Bisys, ALLTEL, ISSC (IBM), Symitar and various regional firms. Certain of these competitors possess substantially greater financial, sales and marketing resources than the Company. Competition from in-house data processing and software departments is intensified by the efforts of computer hardware vendors who encourage the growth of internal data centers.

Competitive factors for processing services include product quality, reliability of service, comprehensiveness and integration of product line, timely introduction of new products and features, and price. The Company believes that it competes favorably in each of these categories. In addition, the Company believes that its position as an independent vendor, rather than as a cooperative, an affiliate of a financial institution or a hardware vendor, is a competitive advantage.

First Trust and Lincoln Trust compete with a number of large and small providers of retirement plan administration services.

#### Government Regulation

The Company's data processing subsidiaries are not themselves directly subject to federal or state regulations specifically applicable to financial institutions such as banks, thrifts and credit unions. As a provider of services to these entities, however, the data processing operations are observed from time to time by the Federal Deposit Insurance Corporation, the National Credit Union Association, the Office of Thrift Supervision, the Office of the Comptroller of the Currency and various state regulatory authorities. These regulators make certain recommendations to the Company regarding various aspects of its data processing operations. Such recommendations are generally implemented by the Company. In addition, the Company's operations are reviewed annually by an independent auditor to provide required internal control evaluations for its clients' auditors and regulators.

As trust companies under Colorado law, First Trust and Lincoln Trust are subject to the regulations of the Colorado Division of Banking. First Trust and Lincoln Trust historically have complied with such regulations and although no assurance can be given, the Company believes First Trust and Lincoln Trust will continue to be able to comply with such regulations. Commencing in 1991, First Trust received approval of its application for Federal Deposit Insurance Corporation coverage of its customer deposits.

#### Employees

Fiserv employs 8,590 specialists throughout the United States and worldwide in its information management centers and related product and service companies. This service support network includes employees with backgrounds in computer science and the financial industry, often complemented by management and other direct experience in banks, credit unions, mortgage firms, savings and other financial institution business environments.

Fiserv employees provide expertise in sales and marketing; account management and client services; computer operations, network control and technical support; programming, software development, modification and maintenance; conversions and client training; and related support services.

Fiserv employees are not represented by a union, and there have been no work stoppages, strikes or organizational attempts. The service nature of the Fiserv business makes its employees an important corporate asset, and while the market for qualified personnel is competitive, the Company does not experience difficulty with hiring or retaining its staff of top industry professionals. In assessing companies to acquire, the quality and stability of the prospective company's staff are emphasized.

Management attributes its ability to attract and keep quality employees to, among other things, the Company's growth and dedication to state-of-the-art software development tools and hardware technologies.

#### Item 2. Properties

Fiserv currently operates full-service data centers, software system development centers and item processing and back-office support centers in 75 cities (59 in the United States): Birmingham, Alabama; Phoenix and Scottsdale, Arizona; Little Rock, Arkansas; Alameda, Covina, Fresno, Fullerton, Los Angeles, Sacramento, San Diego, San Leandro, Van Nuys and Walnut, California; Denver, Colorado; New Haven and Stamford, Connecticut; Fort Lauderdale, Jacksonville, Maitland, Miami, Orlando, Tampa and Titusville, Florida; Atlanta and Macon, Georgia; Honolulu, Hawaii; Arlington Heights, Chicago, Marion and Pontiac, Illinois; Indianapolis and South Bend, Indiana; Des Moines, Iowa; Bowling Green, Kentucky; New Orleans, Louisiana; Boston, Massachusetts; Flint and Troy,

Michigan; Mendota Heights and Minneapolis, Minnesota; Lincoln, Nebraska; Piscataway, New Jersey; Lake Success, Melville and New York, New York; Cleveland, Ohio; Oklahoma City, Oklahoma; Corvallis and Portland, Oregon; Philadelphia and Pittsburgh, Pennsylvania; Amarillo (FM), Beaumont, Dallas, Houston and San Antonio, Texas; Seattle, Washington; and Brookfield and Milwaukee, Wisconsin. International business centers are located in London, England; Singapore; and Burlington, Calgary, Edmonton, Halifax, London, Montreal, Ottawa, Regina, St. Catherines, Toronto, Vancouver, Victoria and Winnipeg, Canada.

The Company owns facilities in Brookfield, Corvallis, Fresno, Hartford and Lincoln; all other buildings in which centers are located are subject to leases expiring through 1998 and beyond. The Company owns or leases 129 mainframe computers (Data General, Digital, Hewlett Packard, IBM, NCR and Unisys). In addition, the Company maintains its own national data communication network consisting of communications processors and leased lines.

Fiserv believes its facilities and equipment are generally well maintained and are in good operating condition. The Company believes that the computer equipment it owns and its various facilities are adequate for its present and foreseeable business. Fiserv periodically upgrades its mainframe capability as needed. Fiserv contracts with multiple sites to provide processing backup in the event of a disaster and maintains duplicate tapes of data collected and software used in its business in locations away from the Company's facilities.

Fiserv regards its software as proprietary and utilizes a combination of trade secrecy law, internal security practices and employee non-disclosure agreements for protection. The Company has not patented or registered the copyrights on its software. The Company believes that legal protection of its software, while important, is less significant than the knowledge and experience of the Company's management and personnel and their ability to develop, enhance and market new products and services. The Company believes that it holds all proprietary rights necessary for the conduct of its business.

### Item 3. Legal Proceedings

In the normal course of business, the Company and its subsidiaries are named as defendants in various lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which may ultimately result from such lawsuits are not expected to have a material adverse effect on the financial statements of the Company.

### Item 4. Submission of Matters to a Vote of Security Holders

During the fourth quarter of the fiscal year covered by this report, no matter was submitted to a vote of security holders of the Company.

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PART II  
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Pursuant to Instruction G(2) for Form 10-K, the information required in Items 5 through 8 is incorporated by reference from the Company's annual report to shareholders included in this Form 10-K Annual Report as Exhibit 13.

### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

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PART III  
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Pursuant to Instruction G(3) for Form 10-K, the information required in Items 10 through 13 is incorporated by reference from the Company's definitive proxy statement which is expected to be filed pursuant to Regulation 14A on or before February 17, 1997, and included in the Form 10-K Annual Report as Exhibit 28.

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PART IV  
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### Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

#### (a) (1) Financial Statements:

The consolidated financial statements of the companies as of December 31, 1996 and 1995 and for each of the three years in the period ending December 31, 1996, together with the report thereon of Deloitte & Touche LLP, dated January 31, 1997, appear on pages 23 through 38 of the Company's annual report to shareholders, Exhibit 13 to this Form 10-K Annual Report, and are incorporated herein by reference.

#### (a) (2) Financial Statement Schedules:

All financial statement schedules are omitted for the reason that they are either not applicable or not required or because the information required is contained in the consolidated financial statements or notes thereto.

#### (b) Reports on Form 8-K:

During 1996, the Company filed three reports on Form 8-K, one dated April 4, 1996, relating to an amendment of its processing contract with Chase Manhattan Corporation, and two dated July 25, 1996, and December 19, 1996, relating to an item processing contract with Canadian Imperial Bank of Canada.

(c) Exhibits:

- 2.1 Stock Purchase Agreement, dated as of April 6, 1995, by and between Fiserv, Inc. and Information Technology, Inc. (filed as Exhibit 2.1 to the Company's Registration Statement on Form S-3, File No. 33-58709, and incorporated herein by reference).
- 3.1 Articles of Incorporation, as amended (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-4, File No. 33-62870, and incorporated herein by reference).
- 3.2 By-laws (filed as Exhibit 3.2 to the Company's Registration Statement on Form S-4, File No. 33-62870, and incorporated herein by reference).
- 4.1 Credit Agreement dated as of May 17, 1995, as amended, by and among Fiserv, Inc., the Lenders Party Hereto, First Bank National Association, as Co-Agent and The Bank of New York, as Agent. (Not being filed herewith, but will be provided to the Commission upon its request, pursuant to Item 601(b) (4) (iii) (A) of Regulation S-K.)
- 4.2 Note Purchase Agreement dated as of March 15, 1991, as amended, among Fiserv, Inc., Aid Association for Lutherans, Northwestern National Life Insurance Company, Northern Life Insurance Company and The North Atlantic Life Insurance Company of America. (Not being filed herewith, but will be provided to the Commission upon its request, pursuant to Item 601(b) (4) (iii) (A) of Regulation S-K.)
- 4.3 Note Purchase Agreement dated as of April 30, 1990, as amended, among Fiserv, Inc. and Teachers Insurance and Annuity Association of America. (Not being filed herewith, but will be provided to the Commission upon its request, pursuant to Item 601(b) (4) (iii) (A) of Regulation S-K.)
- 4.4 Note Purchase Agreement dated as of May 17, 1995, as amended, among Fiserv, Inc., Teachers Insurance and Annuity Association of America, Massachusetts Mutual Life Insurance Company, Aid Association for Lutherans, Northern Life Insurance Company and Northwestern National Life Insurance Company. (Not being filed herewith, but will be provided to the Commission upon its request, pursuant to Item 601(b) (4) (iii) (A) of Regulation S-K.)
10. Material contracts
- 10.1 Stock Purchase Agreement, dated as of December 31, 1992, by and between Fiserv, Inc. and First Financial Management Corporation, as amended by Amendment dated as of February 10, 1993, included in the Company's Current Report on Form 8-K, dated February 10, 1993 and incorporated herein by reference.
- 10.2 Stock and Asset Purchase Agreement, dated as of July 30, 1993, as amended, by and between Mellon Bank Corporation, Mellon Bank, N.A., Mellon Financial Services Corporation #1 and Vertical Technologies, Inc., as Sellers, and Fiserv, Inc., as Purchaser, included in the Company's Annual Report on Form 10-K, dated February 29, 1994, and incorporated herein by reference.
11. Computation of Shares Used in Computing Earnings per Share.
13. The 1996 Annual Report to Shareholders.
21. List of Subsidiaries of the Registrant.
23. Manually signed Consent of Independent Auditors.
27. Financial Data Schedule
28. The Company's definitive proxy statement for the 1997 annual meeting of shareholders to be held on March 20, 1997, to be filed pursuant to Regulation 14A under the Securities and Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: February 17, 1997  
FISERV, INC.

By /S/ GEORGE D. DALTON  
-----  
George D. Dalton  
(Chairman of the Board)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following person on behalf of the registrant and in the capacities indicated on February 17, 1997.

/S/ George D. Dalton  
-----  
George D. Dalton Chairman of the Board, Chief Executive Officer

/S/ Leslie M. Muma  
-----  
Leslie M. Muma Vice Chairman of the Board, President,  
Chief Operating Officer

/S/ Donald F. Dillon  
-----  
Donald F. Dillon Vice Chairman of the Board,  
President - Information Technology, Inc.

/S/ Kenneth R. Jensen  
-----  
Kenneth R. Jensen Senior Executive Vice President, Chief Financial  
Officer, Treasurer, Director

/S/ Gerald J. Levy  
-----  
Gerald J. Levy Director

/S/ L. William Seidman  
-----  
L. William Seidman Director

/S/ Thekla R. Shackelford  
-----  
Thekla R. Shackelford Director

/S/ Roland D. Sullivan  
-----  
Roland D. Sullivan Director

COMPUTATION OF SHARES  
USED IN COMPUTING EARNINGS PER SHARE

	Year Ended December 31,		
	1996	1995	1994
Primary:	-----		
Weighted Average Shares Outstanding	45,229,000	43,058,000	39,954,000
Common Stock Equivalents	969,000	950,000	781,000
	-----		
Shares Used	46,198,000	44,008,000	40,735,000
	=====		

Fully diluted earnings per share are essentially the same as primary earnings per share for all periods presented.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

Year ended December 31,	1996	1995	1994
REVENUES	\$798,268	\$703,380	\$579,839
COST OF REVENUES:			
Salaries, commissions and payroll related costs	371,526	330,845	281,651
Data processing expenses, rentals and telecommunication costs	90,919	95,798	81,320
Other operating expenses	145,230	125,498	109,975
Depreciation and amortization of property and equipment	42,241	38,480	31,350
Purchased incomplete software technology Note 2		172,970	
Amortization of intangible assets	20,983	25,880	10,846
Amortization (capitalization) of internally generated computer software-net	3,732	(6,382)	(9,599)
TOTAL	674,631	783,089	505,543
OPERATING INCOME (LOSS)	123,637	(79,709)	74,296
Interest expense - net	19,088	18,822	6,951
INCOME (LOSS) BEFORE INCOME TAXES	104,549	(98,531)	67,345
Income tax provision (credit) Note 4	42,865	(38,668)	26,938
NET INCOME (LOSS)	\$ 61,684	\$ (59,863)	\$ 40,407
Net income (loss) per common and common equivalent share	\$ 1.34	\$ (1.36)	\$ 0.99
Shares used in computing net income per share	46,198	44,008	40,735

See notes to consolidated financial statements.

## CONSOLIDATED BALANCE SHEETS

(In thousands)

December 31,	1996	1995
ASSETS		
Cash and cash equivalents Note 1	\$ 80,833	\$ 59,743
Accounts receivable	160,747	154,628
Prepaid expenses and other assets Note 1	54,354	63,893
Due on sale of investments		97,446
Trust account investments Note 1	970,553	834,286
Other investments Note 1	53,556	55,748
Deferred income taxes Note 4	32,083	39,527
Property and equipment-Net Note 1	143,661	148,343
Internally generated computer software-Net	70,487	73,863
Identifiable intangible assets relating to acquisitions-Net Note 1	50,156	57,270
Goodwill-Net Note 1	292,089	300,552
TOTAL	\$1,908,519	\$1,885,299
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 43,486	\$ 43,948
Accrued expenses	60,747	59,614
Accrued income taxes	7,510	6,116
Deferred revenues	46,089	40,754
Trust account deposits	970,553	917,189
Long-term debt Note 3	271,502	381,361
Other obligations Note 3	1,362	2,055
TOTAL LIABILITIES	1,401,249	1,451,037
COMMITMENTS AND CONTINGENCIES NOTE 6		
SHAREHOLDERS' EQUITY:		
Common stock outstanding, 45,348,000 and 44,887,000 shares, respectively	453	449
Additional paid-in capital	323,268	315,800
Unrealized gain on investments	18,621	15,268
Accumulated earnings	164,928	102,745
TOTAL SHAREHOLDERS' EQUITY	507,270	434,262
TOTAL	\$1,908,519	\$1,885,299

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)			
Year ended December 31,	1996	1995	1994
SHARES ISSUED-150,000,000 AUTHORIZED:			
Balance at beginning of year .....	44,887	40,038	39,661
Shares issued under stock plans-net ...	327	274	239
Shares issued for acquired companies ..	134	4,575	138
	-----		
Balance at end of year .....	45,348	44,887	40,038
	=====		
COMMON STOCK-PAR VALUE \$.01 PER SHARE:			
Balance at beginning of year .....	\$ 449	\$ 400	\$ 397
Shares issued under stock plans-net ...	3	3	2
Shares issued for acquired companies ..	1	46	1
	-----		
Balance at end of year .....	453	449	400
	-----		
CAPITAL IN EXCESS OF PAR VALUE:			
Balance at beginning of year .....	315,800	184,748	181,223
Shares issued under stock plans-net ...	4,893	670	2,660
Income tax reduction arising from the exercise of employee stock options ..	2,000	2,400	800
Shares issued for acquired companies ..	575	127,982	65
	-----		
Balance at end of year .....	323,268	315,800	184,748
	-----		
UNREALIZED GAIN ON INVESTMENTS .....	18,621	15,268	11,054
	-----		
ACCUMULATED EARNINGS:			
Balance at beginning of year .....	102,745	162,520	122,023
Net income (loss) .....	61,684	(59,863)	40,407
Foreign currency translation adjustment	499	88	90
	-----		
Balance at end of year .....	164,928	102,745	162,520
	-----		
TOTAL SHAREHOLDERS' EQUITY .....	\$ 507,270	\$ 434,262	\$ 358,722
	=====		

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

Year ended December 31,	1996	1995	1994
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss) .....	\$ 61,684	\$ (59,863)	\$ 40,407
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Deferred income taxes .....	3,456	(58,952)	12,375
Depreciation and amortization of property and equipment .....	42,241	38,480	31,401
Amortization of intangible assets .....	20,983	25,880	10,846
Charge for incomplete software technology .....		172,970	
Amortization (capitalization) of internally generated computer software - net .....	3,732	(6,382)	(9,599)
	-----	-----	-----
	132,096	112,133	85,430
Cash provided (used) by changes in assets and liabilities, net of effects from acquisitions of businesses:			
Accounts receivable .....	(4,881)	(10,014)	(12,194)
Prepaid expenses and other assets .....	10,080	(23,709)	(3,935)
Accounts payable and accrued expenses .....	2,288	(4,843)	(3,954)
Deferred revenues .....	5,232	9,283	(123)
Accrued income taxes .....	4,085	5,756	2,059
	-----	-----	-----
Net cash provided by operating activities .....	148,900	88,606	67,283
	-----	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures .....	(36,157)	(45,039)	(53,193)
Payment for acquisition of businesses, net of cash acquired .....	(8,025)	(258,237)	(20,545)
Investments .....	(128,394)	227,739	(203,142)
Due on sale of investments .....	97,446	(97,446)	
	-----	-----	-----
Net cash used by investing activities .....	(75,130)	(172,983)	(276,880)
	-----	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowings and other long-term obligations ....	6,000	252,977	39,165
Repayment of borrowings and other long-term obligations .....	(116,940)	(21,150)	(12,720)
Issuance of common stock .....	4,896	638	1,918
Trust account deposits .....	53,364	(118,028)	174,567
	-----	-----	-----
Net cash (used) provided by financing activities	(52,680)	114,437	202,930
	-----	-----	-----
Change in cash and cash equivalents .....	21,090	30,060	(6,667)
Beginning balance .....	59,743	29,683	36,350
	-----	-----	-----
Ending balance .....	\$ 80,833	\$ 59,743	\$ 29,683
	=====	=====	=====

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the years ended December 31, 1996, 1995 and 1994

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and investments with original maturities of 90 days or less.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets at December 31, 1996 and 1995 include \$12,013,000 and \$17,817,000, respectively, relating to long-term contracts, the profit from which is being recognized ratably over the periods to be benefited.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUES

The carrying amounts of cash and cash equivalents, accounts receivable and payable, and long-term borrowings approximated fair value as of December 31, 1996 and 1995.

TRUST ACCOUNT DEPOSITS AND INVESTMENT SECURITIES

The Company's trust administration subsidiaries accept money market deposits from trust customers and invest the funds in securities. Such amounts due trust depositors represent the primary source of funds for the Company's investment securities and amounted to \$970,553,000 and \$917,189,000 in 1996 and 1995, respectively. The related investment securities, including amounts representing Company funds, comprised the following at December 31, 1996 and 1995:

(In thousands) 1996	PRINCIPAL AMOUNT	CARRYING VALUE	MARKET VALUE
U. S. Government and government agency obligations .....	\$ 684,963	\$ 695,955	\$ 695,048
Corporate bonds .....	31,172	31,337	31,374
Repurchase agreements .....	41,888	41,888	41,888
Other fixed income obligations .....	263,878	262,293	261,939
TOTAL .....	\$1,021,901	\$1,031,473	\$1,030,249
Less amounts representing Company funds:			
Included in cash and cash equivalents		41,888	
Included in other investments		19,032	
Trust account investments .....		\$ 970,553	
1995			
U. S. Government and government agency obligations .....	\$ 553,384	\$ 558,893	\$ 559,000
Corporate bonds .....	119,100	118,891	118,716
Repurchase agreements .....	96,671	96,671	96,671
Other fixed income obligations .....	59,877	59,831	59,831
TOTAL .....	\$ 829,032	834,286	\$ 834,218

Substantially all of the investments have contractual maturities of one year or less except for government agency obligations.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation and amortization are computed using primarily the straight-line method over the estimated useful lives of the assets, ranging from three to 40 years:

(In thousands) December 31,	1996	1995
Data processing equipment .....	\$155,147	\$149,143
Purchased software .....	47,833	39,810
Buildings and leasehold improvements .....	52,329	51,195
Furniture and equipment .....	49,526	38,940
	304,835	279,088
Less accumulated depreciation and amortization	161,174	130,745
TOTAL .....	\$143,661	\$148,343

INTERNALLY GENERATED COMPUTER SOFTWARE

Certain costs incurred to develop new software and enhance existing software are capitalized and amortized over the expected useful life of the product, generally five years. At December 31, 1996 and 1995, the unamortized portion of internally generated computer software costs amounted to \$70,487,000 and \$73,863,000, respectively; amortization of such costs charged to expense amounted to \$30,098,000, \$19,998,000, and \$16,655,000 in 1996, 1995 and 1994, respectively. During the fourth quarter of 1996, the Company recorded a charge of \$5,443,000 relating to the accelerated amortization of software resulting from the planned consolidation of certain product lines. Routine maintenance of

software products, design costs and development costs incurred prior to establishment of a product's technological feasibility are expensed as incurred.

#### INTANGIBLE ASSETS

Intangible assets relate to acquisitions and consist of the following at December 31:

(In thousands)	1996	1995
Computer software acquired .....	\$ 29,326	\$30,949
Non-competition agreements .....	9,139	10,744
Contract rights and other .....	55,952	48,012
	94,417	89,705
Less accumulated amortization .....	44,261	32,435
TOTAL.....	\$ 50,156	\$ 57,270
	=====	=====
Goodwill .....	\$317,077	\$318,410
Less accumulated amortization .....	24,988	17,858
TOTAL.....	\$292,089	\$300,552
	=====	=====

Except as noted below, the cost allocated to computer software acquired in corporate acquisitions is being amortized on a straight-line basis over its expected useful life (generally five years or less). In connection with certain acquisitions, the Company has entered into non-compete agreements with the sellers. The values assigned are being amortized on the straight-line method over the periods covered by the agreements (generally five years or less). Costs allocated to various customer data processing contracts at the dates of acquisition are being amortized on a straight-line basis over the remaining terms of the contracts (generally six years or less). The excess of the purchase price over the estimated fair value of tangible and identifiable intangible assets acquired has been recorded as goodwill and is being amortized over 40 years. The Company periodically reviews goodwill and other long-lived assets to assess recoverability, and impairments would be recognized in operating results if a permanent diminution in value were to occur. In connection with the acquisition in 1995 of Information Technology, Inc. (ITI) referred to in Note 2 below, the allocation of the purchase price to the various classes of assets was determined on the basis of an opinion expressed by a nationally recognized independent appraisal firm. Values determined for incomplete software have been expensed and values for completed software are being amortized utilizing accelerated methods.

#### INCOME TAXES

The consolidated financial statements are prepared on the accrual method of accounting. Deferred income taxes are provided for temporary differences between the Company's income for accounting and tax purposes.

#### REVENUE RECOGNITION

Revenues result primarily from the sale of data processing services to financial institutions, software sales, and administration of self-directed retirement plans. Such revenues are recognized as the related services are provided. Revenues include investment income of \$37,572,000, \$35,695,000, and \$29,695,000, net of direct credits to depositors accounts of \$24,050,000, \$27,561,000, and \$23,217,000 in 1996, 1995 and 1994, respectively. Deferred revenues consist primarily of advance billings for services and are recognized as revenue when the services are provided.

#### INCOME PER SHARE

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.

#### SUPPLEMENTAL CASH FLOW INFORMATION

(In thousands)	1996	1995	1994
Interest paid.....	\$22,942	\$21,184	\$8,871
Income taxes paid.....	34,865	11,488	11,417
Liabilities assumed in acquisitions of businesses.....	1,596	49,279	3,416

#### NOTE 2 ACQUISITIONS AND CAPITAL TRANSACTIONS

##### ACQUISITIONS

During 1996, 1995 and 1994 the Company completed the following acquisitions:

COMPANY	MONTH ACQUIRED	TYPE OF BUSINESS	CONSIDERATION
-----			
1996:			
UniFi, Inc.	Jan	Software and services	Cash for stock
Bankers Pension Services, Inc.	Nov	Retirement plan administrators	Stock for stock
1995:			
Integrated Business Systems	Jan	Forms	Cash for stock
BankLink, Inc.	Feb	Cash management	Cash for stock
Information Technology, Inc.	May	Financial processing systems	Cash and stock for stock
Lincoln Holdings, Inc.	Aug	Retirement plan administrators	Stock for stock
SRS, Inc.	Sep	Data processing	Cash for stock
Document Management Services Division of ALLTEL Financial Information Services, Inc.	Sep	Item processing	Cash for assets
Financial Information Trust	Nov	Data processing	Cash for stock
Outsource Technology L. C.	Nov	Data processing	Cash for stock

1994:			
National Embossing Company, Inc.	Apr	Automated card services	Cash for stock
Boatmen's Information Systems	May	Data processing	Cash for assets
data processing business			
Federal Home Loan Bank of Atlanta	Aug	Item processing	Cash for assets
item processing contracts			
Cincinnati Bell Information Systems	Nov	Image and document	Cash for assets
banking business		management services	
RECOM Associates, Inc.	Dec	Network integration services	Stock for stock

Generally, the acquisitions were accounted for as purchases and, accordingly, the operations of the acquired companies are included in the consolidated financial statements since their respective dates of acquisition as set forth above. Certain of the acquisitions were accounted for as poolings of interests. However, except for the acquisition of Lincoln Holdings, Inc. (LHI), prior year financial statements were not restated due to immateriality. Results of operations of LHI have been included with those of the Company for all periods presented. Certain of the acquisition agreements provide for additional cash payments contingent upon the attainment of specified revenue goals.

In connection with the acquisition of Bankers Pension Services, Inc. (BPS), the Company issued approximately 112,000 unregistered shares of its common stock. The Company relied upon the exemption provided in Section 4(2) of the Securities Act of 1933 and Rule 505 of Regulation D, based upon the number of shareholders of BPS and the aggregate value of the transaction. No underwriter was involved in the transaction and no commission was paid.

The acquisition of ITI was consummated for a consideration of approximately \$377 million comprising approximately 4,574,000 shares of common stock of the Company and \$249 million cash, including acquisition costs. Approximately 903,000 shares of common stock of the Company were issued in the acquisition of LHI. Net income of the Company for 1995 was determined after a pretax charge of \$182.9 million relating to the writeoff of incomplete software technology and accelerated amortization of completed software relating to the acquisition of ITI. Accordingly, net income was reduced in 1995 by \$109.6 million, or \$2.49 a share, relating to such charges.

#### STOCK OPTION PLAN

The Company's 1996 Stock Option Plan provides for the granting to its employees and directors of either incentive or non-qualified options to purchase shares of the Company's common stock for a price not less than 100% of the fair value of the shares at the date of grant. In general, 20% of the shares awarded under the Plan may be purchased annually and expire, generally, five to 10 years from the date of the award. Activity under the current and prior plans during 1994, 1995 and 1996 is summarized as follows:

	SHARES		PRICE RANGE
	INCENTIVE	NON-QUALIFIED	
Outstanding, December 31, 1993	53,305	2,226,804	\$1.63-20.17
Granted		559,497	20.00-22.50
Forfeited	(3,380)	(102,945)	
Exercised	(19,505)	(211,529)	1.63-18.50
Outstanding, December 31, 1994	30,420	2,471,827	1.63-22.50
Granted		440,434	21.50-27.50
Forfeited		(115,493)	
Exercised	(10,140)	(413,588)	1.63-21.81
Outstanding, December 31, 1995	20,280	2,383,180	1.63-27.50
Granted		617,354	26.50-36.75
Forfeited		(89,147)	
Exercised	(18,590)	(309,977)	1.63-30.50
Outstanding, December 31, 1996	1,690	2,601,410	5.77-36.75
Shares exercisable, December 31, 1996	1,690	1,757,795	

Options outstanding include 51,525 and 132,529 shares granted in 1995 and 1996 at \$22.00 and \$29.88 a share, respectively, under a stock purchase plan requiring exercise within 30 days after a two-year period beginning on the date of grant.

At December 31, 1996, options to purchase 4,035,000 shares were available for grant under the Plan. The Company has accounted for its stock-based compensation plans in accordance with the provisions of APB Opinion 25. Accordingly, the Company did not record any compensation expense in the accompanying financial statements for its stock-based compensation plans. Had compensation expense been recognized consistent with FASB Statement 123 ("Accounting for Stock-Based Compensation"), the Company's net income would have been reduced by approximately \$981,000 and \$301,000 in 1996 and 1995, respectively. The related impact on earnings per share was immaterial. The assumptions used to estimate compensation expense were: expected volatility of 17.8%, risk-free interest rate of 6.5% and expected option lives of five years.

#### NOTE 3 LONG-TERM DEBT AND OTHER OBLIGATIONS

The Company has available a \$225,000,000 unsecured line of credit and commercial paper facility with a group of banks, maturing in 2000, of which \$141,669,000 was in use at December 31, 1996 at an average rate of 5.86%. The loan agreements covering the Company's long-term borrowings contain certain restrictive covenants including, among other things, the maintenance of minimum net worth and various operating ratios with which the Company was in compliance at December 31, 1996. A facility fee ranging from .1% to .2% per annum is required

on the entire bank line regardless of usage. The facility is reduced to \$210,000,000 and \$150,000,000, respectively, on May 17, 1998 and 1999 and expires on May 17, 2000.

Long-term debt and other obligations outstanding at the respective year-ends comprised the following:

(in thousands)	1996	1995
December 31,		
9.45% senior notes payable, due 1997-2000	\$17,143	\$21,429
9.75% senior notes payable, due 1997-2001	12,500	15,000
8.00% senior notes payable, due 1999-2005	90,000	90,000
Bank notes and commercial paper	151,859	254,932
Other obligations	1,362	2,055
TOTAL	\$272,864	\$383,416

Annual principal payments required under the terms of the long-term agreements were as follows at December 31, 1996:

(In thousands)	
Year	
1997	\$10,075
1998	8,074
1999	21,211
2000	162,424
2001	16,220
Thereafter	54,860
TOTAL	\$272,864

Interest expense with respect to long-term debt and other obligations amounted to \$22,431,000, \$22,006,000 and \$9,228,000 in 1996, 1995 and 1994, respectively.

#### NOTE 4 INCOME TAXES

A reconciliation of recorded income tax expense with income tax computed at the statutory federal tax rates follows:

(In thousands)	1996	1995	1994
Statutory federal tax rate	35%	35%	35%
Tax computed at statutory rate	\$36,592	\$(34,486)	\$23,571
State income taxes net of federal effect	4,473	(5,113)	2,792
Non-deductible amortization	1,504	1,239	1,157
Other	296	(308)	(582)
TOTAL	\$42,865	\$(38,668)	\$26,938

The provision for income taxes consisted of the following:

(In thousands)	1996	1995	1994
Currently payable	\$37,409	\$17,884	\$13,763
Tax reduction credited to capital in excess of par value	2,000	2,400	800
Deferred	3,456	(58,952)	12,375
Total	\$42,865	\$(38,668)	\$26,938

The approximate tax effects of temporary differences at December 31, 1996 and 1995 were as follows:

(In thousands)	1996	1995
Allowance for doubtful accounts	\$1,529	\$2,319
Accrued expenses not currently deductible	5,588	7,769
Deferred revenues	9,815	9,122
Other	(232)	1,728
Net operating loss and credit carryforwards	3,871	6,739
Deferred costs	(4,963)	(9,143)
Internally generated capitalized software	(28,900)	(30,283)
Excess of tax over book depreciation and amortization	(3,185)	(4,419)
Purchased incomplete software technology	61,500	66,305
Unrealized gain on investments	(12,940)	(10,610)
TOTAL	\$32,083	\$39,527

The net operating loss and tax credit carryforwards have expiration dates ranging from 1997 through 2010.

#### NOTE 5 EMPLOYEE BENEFIT PROGRAMS

The Company and its subsidiaries have contributory savings plans covering substantially all employees, under which eligible participants may elect to contribute a specified percentage of their salaries, subject to certain limitations. The Company makes matching contributions, subject to certain limitations, and also makes discretionary contributions based upon the attainment of certain profit goals. Company contributions vest at the rate of 20% for each year of service. Contributions charged to operations under these plans approximated \$10,074,000, \$8,144,000 and \$8,900,000 in 1996, 1995 and 1994, respectively.

NOTE 6 LEASES, OTHER COMMITMENTS AND CONTINGENCIES

LEASES

Future minimum rental payments, as of December 31, 1996, on various operating leases for office facilities and equipment were due as follows:

(In thousands)

Year	
1997	\$35,030
1998	29,115
1999	19,794
2000	15,581
2001	9,472
Thereafter	18,538
TOTAL	\$127,530

Rent expense applicable to all operating leases was approximately \$48,752,000, \$48,038,000 and \$43,065,000 in 1996, 1995 and 1994, respectively.

OTHER COMMITMENTS AND CONTINGENCIES

The Company's trust administration subsidiaries had fiduciary responsibility for the administration of approximately \$18 billion in trust funds as of December 31, 1996. With the exception of the trust account investments discussed in Note 1, such amounts are not included in the accompanying balance sheets.

In the normal course of business, the Company and its subsidiaries are named as defendants in various lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which may ultimately result from such lawsuits are not expected to have a material adverse effect on the financial statements of the Company.

MANAGEMENT'S DISCUSSION & 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 and the percentage change in those items from period to period. The table is based upon the accompanying supplemental schedule which excludes certain charges to 1995 operations associated with the acquisition of Information Technology, Inc.

	PERCENTAGE OF REVENUES YEAR ENDED DECEMBER 31,			PERIOD TO PERIOD PERCENTAGE INCREASE (DECREASE)	
	1996	1995	1994	1996 vs. 1995	1995 vs. 1994
Revenues	100.0%	100.0%	100.0%	13.4%	21.3%
Cost of revenues:					
Salaries, commissions and payroll related costs	46.5	47.0	48.6	12.3	17.5
Data processing expenses, rentals and telecommunication costs	11.4	13.6	14.0	(5.1)	17.8
Other operating costs	18.2	17.8	19.0	15.7	14.1
Depreciation and amortization of equipment and improvements	5.3	5.5	5.4	9.8	22.7
Amortization of intangible assets	2.6	2.3	1.9	31.5	47.2
Amortization (capitalization) of internally generated software - net	0.5	(0.9)	(1.7)	(158.5)	(33.5)
Total cost of revenues	84.5	85.3	87.2	12.4	18.7
Operating income	15.5%	14.7%	12.8%	19.8	38.9
Income before income taxes	13.1%	12.0%	11.6%	23.9	25.2
Net income	7.7%	7.1%	7.0%	23.9	23.2

The following discussion is based upon the accompanying supplemental schedule which excludes certain charges to 1995 operations associated with the acquisition of Information Technology, Inc. aggregating \$182.9 million.

Revenues increased \$94,888,000 in 1996 and \$123,541,000 in 1995. In both years, approximately 55% of the growth resulted from the inclusion of revenues from the date of purchase of acquired businesses as set forth in Note 2 to the financial statements and the balance in each year from the net addition of new clients, growth in the transaction volume experienced by existing clients and price increases.

Cost of revenues increased \$74,430,000 in 1996 and \$94,658,000 in 1995. As a percentage of revenues, cost of revenues decreased .8% from 1995 to 1996 and 1.9% from 1994 to 1995. The make up of cost of revenues has been significantly affected in both years by business acquisitions and by changes in the mix of the Company's business as sales of software and related support activities and item processing and electronic funds transfer operations have enjoyed an increasing percentage of total revenues.

A significant portion of the purchase price of the Company's acquisitions has been allocated to intangible assets, such as client contracts, computer software, non-competition agreements and goodwill, which are being amortized over time, generally three to 40 years. Amortization of these costs increased \$5,021,000 from 1995 to 1996 and \$5,116,000 from 1994 to 1995. As a percentage of revenues, these costs also increased in both years.

Capitalization of internally generated computer software is stated net of amortization and decreased \$3,217,000 in 1995 and \$10,114,000 in 1996. Net software capitalized was more than offset by amortization in 1996 due to the accelerated amortization of software resulting from the planned consolidation of certain product lines.

Operating income increased \$20,458,000 in 1996 and \$28,883,000 in 1995. As a percentage of revenues, operating income increased .8% in 1996 and 1.9% in 1995.

The effective income tax rate was 41% in 1996 and 1995 and 40% in 1994. The trend to higher income tax rates results from net increases in non-deductible permanent differences. The effective income tax rate for 1997 is expected to remain at 41%.

The Company's growth has been largely accomplished through the acquisition of entities engaged in businesses which are complementary to its operations. Management believes that a number of acquisition candidates are available which would further enhance its competitive position and plans to pursue them vigorously. Management is engaged in an ongoing program to reduce expenses related to acquisitions by eliminating operating redundancies. The Company's approach has been to move slowly in achieving this goal in order to minimize the amount of disruption experienced by its clients and the potential loss of clients due to this program.

(Unaudited)

(In thousands, except per share data)

Year ended December 31,	1996	1995	1994
REVENUES	\$798,268	\$703,380	\$579,839
COST OF REVENUES:			
Salaries, commissions and payroll related costs	371,526	330,845	281,651
Data processing expenses, rentals and telecommunication costs	90,919	95,798	81,320
Other operating expenses	145,230	125,498	109,975
Depreciation and amortization of property and equipment	42,241	38,480	31,350
Amortization of intangible assets	20,983	15,962	10,846
Amortization (capitalization) of internally generated computer software - net	3,732	(6,382)	(9,599)
TOTAL	674,631	600,201	505,543
OPERATING INCOME	123,637	103,179	74,296
Interest expense - net	19,088	18,822	6,951
INCOME BEFORE INCOME TAXES	104,549	84,357	67,345
Income tax provision	42,865	34,586	26,938
NET INCOME	\$61,684	\$49,771	\$40,407
Net income per common and common equivalent share	\$1.34	\$1.13	\$0.99
Shares used in computing net income per share	46,198	44,008	40,735

Note: Supplemental information provided for comparative purposes. 1995 excludes certain charges associated with the acquisition of Information Technology, Inc.

The following table sets forth certain financial highlights and pro forma information for 1996, 1995 and 1994.

(In thousands, except per share data)

Year Ended December 31,	1996	1995	1994
Revenues	\$798,268	\$703,380	\$579,839
Net income (loss)	61,684	(59,863)	40,407
Net income (loss) per share	\$1.34	\$(1.36)	\$0.99
Net income as originally reported and before certain charges related to acquisition of Information Technology, Inc.	61,684	49,771	37,664
Net income per share as originally reported and before certain charges related to acquisition of Information Technology, Inc.	\$1.34	\$1.13	\$0.95

The charges related to the acquisition of Information Technology, Inc. (ITI) in 1995 are a pre-tax special, one-time, non-cash charge of \$173 million to expense the purchased ITI Premier II research and development and a pre-tax charge of \$9.9 million for the accelerated amortization of the completed ITI Premier I software. The combined after-tax charge was \$109.6 million (\$2.49 per share).

#### LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's primary sources of funds:

(In thousands)

Year Ended December 31,	1996	1995	1994
Cash provided by operating activities	\$148,900	\$88,606	\$67,283
Issuance of common stock-net	4,896	638	1,918
Decrease (increase) in investments	22,416	12,265	(28,575)
Increase (decrease) in net borrowings	(110,940)	231,827	26,445
TOTAL	\$65,272	\$333,336	\$67,071

The Company has applied a significant portion of its cash flow from operations 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 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 issuance of securities.

#### SELECTED FINANCIAL DATA

The following data, which has been materially affected by acquisitions, should be read in conjunction with the financial statements and related notes thereto included elsewhere in this Annual Report.

(In thousands, except per share data)

Year Ended December 31,	1996	1995	1994	1993	1992
Revenues	\$798,268	\$703,380	\$579,839	\$467,863	\$341,448
Income (loss) before income taxes	104,549	(98,531)	67,345	53,177	39,291
Income taxes (credit)	42,865	(38,668)	26,938	20,464	14,925
Net income (loss)	61,684	(59,863)	40,407	32,713	24,366
Net income (loss) per share	\$1.34	\$(1.36)	\$0.99	\$0.83	\$0.69
Total assets	\$1,908,519	\$1,885,299	\$1,661,345	\$1,395,403	\$1,097,339
Long-term debt and other long-term obligations	272,864	383,416	150,016	122,417	59,472
Shareholders' equity	507,270	434,262	358,722	312,873	195,630

Note: The above information has been restated to recognize (1) 3-for-2 stock splits effective in May 1993 and June 1992 and (2) the acquisition in 1995 of Lincoln Holdings, Inc. accounted for as a pooling of interests.

QUARTERLY FINANCIAL INFORMATION  
(Unaudited)

(In thousands, except per share data) 1996	FIRST	SECOND	THIRD	FOURTH	TOTAL
Revenues	\$194,710	\$196,464	\$196,585	\$210,509	\$798,268
Cost of revenues	164,205	165,612	165,633	179,181	674,631
Operating income	30,505	30,852	30,952	31,328	123,637
Income before income taxes	24,850	25,776	26,658	27,265	104,549
Income taxes	10,189	10,568	10,929	11,179	42,865
Net income	\$14,661	\$15,208	\$15,729	\$16,086	\$61,684
Net income per share	\$0.32	\$0.33	\$0.34	\$0.35	\$1.34

1995	FIRST	SECOND	THIRD	FOURTH	TOTAL
Revenues	\$157,179	\$173,470	\$176,922	\$195,809	\$703,380
Cost of revenues	136,288	148,725	148,286	349,790	783,089
Operating income	20,891	24,745	28,636	(153,981)	(79,709)
Income (loss) before income taxes	19,054	20,308	22,223	(160,116)	(98,531)
Income taxes (credit)	7,813	8,326	9,111	(63,918)	(38,668)
Net income (loss)	\$11,241	\$11,982	\$13,112	\$(96,198)	\$(59,863)
Net income (loss) per share	\$0.27	\$0.28	\$0.29	\$(2.10)	\$(1.36)

MARKET PRICE INFORMATION

The following information relates to the closing price of the Company's \$.01 par value common stock, which is traded on the over-the-counter market and is quoted on the NASDAQ National Market System under the symbol FISV.

QUARTER ENDED	1996		1995	
	HIGH	LOW	HIGH	LOW
March 31	32	25 3/8	27 3/4	21
June 30	33 3/8	28 1/16	28 3/8	25 3/4
September 30	38 11/16	28 5/8	31	25 1/2
December 31	39 5/8	34	30 1/8	25 1/2

At December 31, 1996, the Company's common stock was held by approximately 30,000 shareholders of record or through nominee or street name accounts with brokers. The closing sale price for the Company's stock on January 17, 1997 was \$37.00 per share.

The Company's present policy is to retain earnings to support future business opportunities, rather than to pay dividends.

INDEPENDENT AUDITORS' REPORT

Shareholders and Directors of Fiserv, Inc.:

We have audited the accompanying consolidated balance sheets of Fiserv, Inc. and subsidiaries as of December 31, 1996 and 1995 and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Fiserv, Inc. and subsidiaries at December 31, 1996 and 1995 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

/S/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP  
Milwaukee, Wisconsin  
January 31, 1997

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The management of Fiserv, Inc. assumes responsibility for the integrity and objectivity of the information appearing in the 1996 Annual Report. This information was prepared in conformity with generally accepted accounting principles and necessarily reflects the best estimates and judgment of management.

To provide reasonable assurance that transactions authorized by management are recorded and reported properly and that assets are safeguarded, the Company maintains a system of internal controls. The concept of reasonable assurance implies that the cost of such a system is weighed against the benefits to be derived therefrom.

Deloitte & Touche LLP, certified public accountants, audit the financial statements of the Company in accordance with generally accepted auditing standards. Their audit includes a review of the internal control system, and improvements are made to the system based upon their recommendations.

The Audit Committee ensures that management and the independent auditors are properly discharging their financial reporting responsibilities. In performing this function, the Committee meets with management and the independent auditors throughout the year. Additional access to the Committee is provided to Deloitte & Touche LLP on an unrestricted basis, allowing discussion of audit results and opinions on the adequacy of internal accounting controls and the quality of financial reporting.

/S/ GEORGE D. DALTON

GEORGE D. DALTON  
Chairman and Chief Executive Officer

## SUBSIDIARIES OF THE REGISTRANT

Name under which Subsidiary does Business	State of Incorporation
Aspen Investment Alliance, Inc.	Colorado
BMS On-Line Services, Inc.	Massachusetts
Data Link Systems, LLC	Wisconsin
Fiserv CIR, Inc.	Delaware
Fiserv Federal Systems, Inc.	Delaware
Fiserv Fresno, Inc.	California
Fiserv Government Services, Inc.	Delaware
Fiserv Joint Venture, Inc.	Delaware
Fiserv Solutions, Inc.	Wisconsin
Fiserv (Europe) Ltd.	United Kingdom
Fiserv (ASPAC) Pte., Ltd.	Singapore
First Retirement Marketing, Inc.	Colorado
First Trust Corporation	Colorado
Information Technology, Inc.	Nebraska
Lincoln Trust Company	Colorado
The Affinity Group, Inc.	Colorado
Bankers Pension Services, Inc.	California
Fiserv Solutions of Canada Inc.	Ontario

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement No. 333-04417 of Fiserv, Inc. on Form S-8 of our report dated January 31, 1997, incorporated by reference in the Annual Report on Form 10-K of Fiserv, Inc. for the year ended December 31, 1996.

/S/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP  
Milwaukee, Wisconsin

February 17, 1997

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE 1996 ANNUAL REPORT TO SHAREHOLDERS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH INFORMATION.

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YEAR	DEC-31-1996	DEC-31-1996
		80,833
	970,553	
	160,747	
	0	
	0	
	1,266,487	
		304,835
	161,174	
	1,908,519	
1,128,385		0
0		0
		453
	506,817	
1,908,519		0
	798,268	
		0
	649,916	
	24,715	
	0	
	19,088	
	104,549	
	42,865	
61,684		
	0	
	0	
		0
	61,684	
	1.34	
	1.34	