

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 SEPTEMBER 30, 1999

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: (262) 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 ()

As of October 15, 1999, there were 122,626,000 shares of common stock, \$.01 par value, of the Registrant outstanding.

PART I. FINANCIAL INFORMATION

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
REVENUES	\$ 352,663	\$ 309,543	\$1,033,044	\$ 894,592
Cost of revenues:				
Salaries, commissions and payroll related costs	171,174	143,026	494,339	415,511
Data processing expenses, rentals and telecommunication costs	27,346	28,729	84,870	84,686
Other operating expenses	67,014	67,769	200,497	189,050
Depreciation and amortization of property and equipment	16,132	15,131	45,791	43,942
Amortization of intangible assets	5,359	4,005	14,732	11,336
Amortization (capitalization) of internally generated computer software-net	1,069	(2,051)	5,109	(5,073)
Total cost of revenues	288,094	256,609	845,338	739,452
OPERATING INCOME	64,569	52,934	187,706	155,140
Interest expense - net	4,913	3,998	13,213	11,593
INCOME BEFORE INCOME TAXES	59,656	48,936	174,493	143,547
Income tax provision	24,459	20,063	71,542	58,854
NET INCOME	\$ 35,197	\$ 28,873	\$ 102,951	\$ 84,693
NET INCOME PER SHARE:				
Basic	\$ 0.29	\$ 0.23	\$ 0.83	\$ 0.69
Diluted	\$ 0.28	\$ 0.23	\$ 0.81	\$ 0.67
SHARES USED IN COMPUTING NET INCOME PER SHARE:				
Basic	123,226	122,936	123,318	122,826
Diluted	125,974	127,407	127,052	127,032

See notes to consolidated financial statements.

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

	SEPTEMBER 30, 1999	December 31, 1998	
	-----	-----	
ASSETS			
Cash and cash equivalents	\$ 75,903	\$ 71,558	
Accounts receivable	233,236	246,851	
Securities processing receivables	1,961,293	1,402,650	
Prepaid expenses and other assets	78,925	83,453	
Trust account investments	1,363,403	1,098,773	
Other investments	276,149	180,099	
Deferred income taxes	--	14,545	
Property and equipment-net	195,743	179,434	
Internally generated computer software-net	80,879	85,821	
Intangible assets-net	797,756	595,154	
	-----	-----	
TOTAL	\$ 5,063,287	\$ 3,958,338	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	\$ 68,201	\$ 65,385	
Securities processing payables	1,615,611	1,207,838	
Short-term borrowings	146,643	38,350	
Accrued expenses	169,158	150,519	
Accrued income taxes	18,312	14,768	
Deferred revenues	107,911	107,286	
Trust account deposits	1,360,194	1,098,773	
Deferred income taxes	22,131	--	
Long-term debt	534,394	389,622	
	-----	-----	
TOTAL LIABILITIES	4,042,555	3,072,541	-----
SHAREHOLDERS' EQUITY:			
Common stock issued, 125,393,000 and 124,880,000 shares, respectively	1,254	1,249	
Additional paid-in capital	457,969	448,461	
Accumulated other comprehensive income	82,363	39,875	
Accumulated earnings	541,593	438,642	
Treasury stock, at cost; 2,507,000 and 1,800,000 shares, respectively	(62,447)	(42,430)	
	-----	-----	
TOTAL SHAREHOLDERS' EQUITY	1,020,732	885,797	-----
	-----	-----	
TOTAL	\$ 5,063,287	\$ 3,958,338	=====

See notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 102,951	\$ 84,693
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	7,132	3,152
Depreciation and amortization of property and equipment	45,791	43,942
Amortization of intangible assets	14,732	11,336
Amortization (capitalization) of internally generated computer software-net	5,109	(5,073)
	175,715	138,050
Cash provided (used) by changes in assets and liabilities, net of effects from acquisitions of businesses:		
Accounts receivable	20,141	(24,522)
Prepaid expenses and other assets	7,809	2,626
Accounts payable and accrued expenses	6,043	17,392
Deferred revenue	(6,304)	13,943
Income taxes payable	5,675	15,595
Securities processing receivables and payables - net	(54,873)	19,543
	154,206	182,627
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(52,663)	(52,978)
Other investments	(20,916)	(11,913)
Payment for acquisition of businesses	(200,428)	(98,791)
Trust account investments	(266,587)	(136,622)
	(540,594)	(300,304)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in short-term obligations - net	30,662	(61,125)
Increase in long-term obligations - net	113,153	81,216
Purchases of common stock	(20,103)	(42,430)
Issuance of common stock	5,601	6,581
Trust account deposits	261,420	131,860
	390,733	116,102
Change in cash	4,345	(1,575)
Beginning balance	71,558	89,377
Ending balance	\$ 75,903	\$ 87,802

See notes to consolidated financial statements.

FISERV, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements for the three and nine-month periods ended September 30, 1999 and 1998 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

	Three Months Ended September 30, 1999		Nine Months Ended September 30, 1998	

	(In thousands)			
Weighted average number of common shares outstanding	123,226	122,936	123,318	122,826
Common stock equivalents	2,748	4,471	3,734	4,206

Shares used in computing diluted net income per share	125,974	127,407	127,052	127,032
	=====			

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. The Company declared a 3-for-2 common stock split to shareholders of record as of April 16, 1999, payable on April 30, 1999. The financial and share information presented herein for all periods has been adjusted to reflect the stock split.

3. ACCOUNTING FOR INCOME TAXES

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating and tax credit carryforwards. Significant components of the Company's net deferred tax (liability) asset as of September 30, 1999 and December 31, 1998 are as follows:

	SEPTEMBER 30, 1999	December 31, 1998

	(In thousands)	
Purchased incomplete software technology	\$50,037	\$52,276
Accrued expenses not currently deductible	24,948	25,329
Deferred revenues	14,005	14,558
Other	(7,441)	(5,512)
Internally generated capitalized software	(33,160)	(35,188)
Excess of tax over book depreciation and amortization	(12,983)	(9,167)
Unrealized gain on investments	(57,537)	(27,751)

Total deferred income taxes	(\$22,131)	\$14,545
	=====	

4. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended September 30,	
	1999	1998

	(In thousands)	
Income taxes paid	\$55,627	\$45,313
Interest paid	16,630	14,372
Liabilities assumed in acquisitions of		

5. BUSINESS COMBINATIONS

During the first nine months of 1999, the Company completed eight acquisitions accounted for by the purchase method for total cash consideration of approximately \$200.4 million. The operations of these acquisitions are included in the consolidated results of operations from the dates of acquisition. Pro forma information has not been presented due to lack of materiality.

6. SHAREHOLDERS' EQUITY

Total comprehensive income for the nine months ended September 30, 1999 and 1998 was \$145.4 million and \$84.7 million, respectively. The increase in comprehensive income during the nine months ended September 30, 1999 is primarily due to unrealized gains on investments since December 31, 1998. The Company owns 3,404,930 shares of common stock of Knight/Trimark Group, Inc. and 900,000 shares of common stock of The BISYS Group, Inc. Common stock of both companies trade on the NASDAQ National Market System.

In August 1999, the Company's Board of Directors authorized a stock buy-back program of up to 3.25 million shares of its outstanding common stock. Shares purchased under the authorization will be made through open market transactions or otherwise that may occur from time to time as market conditions warrant. Shares acquired will be held for issuance in connection with acquisitions and in conjunction with employee option plans.

7. BUSINESS SEGMENT INFORMATION

The Company is a leading independent provider of financial data processing systems and related information management services and products to financial institutions and other financial intermediaries. The Company's operations have been classified into three business segments: financial institution data processing and software services, securities processing and trust services and other (including corporate). Summarized financial information by business segment is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
----- (In thousands) -----				
REVENUES:				
Financial institution data processing and software services	\$ 270,264	\$ 240,911	\$ 793,073	\$ 691,665
Securities processing and trust services	66,428	58,485	193,558	171,863
Other	15,971	10,147	46,413	31,064
	-----	-----	-----	-----
TOTAL	\$ 352,663	\$ 309,543	\$ 1,033,044	\$ 894,592
	-----	-----	-----	-----
OPERATING INCOME:				
Financial institution data processing and software services	\$ 48,203	\$ 38,948	\$ 137,618	\$ 111,610
Securities processing and trust services	16,980	16,762	52,980	52,888
Other	(614)	(2,776)	(2,892)	(9,358)
	-----	-----	-----	-----
TOTAL	\$ 64,569	\$ 52,934	\$ 187,706	\$ 155,140
	-----	-----	-----	-----

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

RESULTS OF OPERATIONS

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

	Three Months Ended		Nine Months Ended	
	September 30, 1999	1998	September 30, 1999	1998

	(Percent of Revenues)			
Revenues	100.0%	100.0%	100.0%	100.0%
Salaries and related costs	48.5	46.2	47.9	46.5
Data processing costs	7.8	9.3	8.2	9.5
Other operating expenses	19.0	21.9	19.4	21.1
Depreciation and amortization	4.6	4.9	4.4	4.9
Amortization of intangible assets	1.5	1.3	1.4	1.3
Amortization (capitalization) of software-net	0.3	(0.7)	0.5	(0.6)

Total cost of revenues	81.7	82.9	81.8	82.7

Operating income	18.3	17.1	18.2	17.3
	=====			

REVENUES

Revenues increased 13.9% from \$309.5 million in the third quarter of 1998 to \$352.7 million in the current third quarter and 15.5% from \$894.6 million in the first nine months of 1998 to \$1,033.0 million in the comparable current period. Approximately 45% of the year to date growth resulted from the inclusion of revenues from the date of purchase of acquired companies and approximately 55% from increases in revenue from the addition of new clients, growth in the transaction volume experienced by existing clients and price increases.

COST OF REVENUES

Cost of revenues increased 12.3% from \$256.6 million in the third quarter of 1998 to \$288.1 million in the current third quarter, and 14.3% from \$739.5 million in the first nine months of 1998 to \$845.3 million in the first nine months of 1999. The make up of cost of revenues has been affected predominantly by changes in the mix of the Company's business.

OPERATING INCOME

Operating income increased 22.0% from \$52.9 million in the third quarter of 1998 to \$64.6 million in the current third quarter, and increased 21.0% from \$155.1 million in the first nine months of 1998 to \$187.7 million in the first nine months of 1999. As a percentage of revenues, operating margins were higher during both the third quarter and first nine months of 1999 when compared to 1998 due primarily to cost reductions associated with, among other items, the consolidation and elimination of certain product lines in the Company's data processing businesses.

INCOME TAX PROVISION

Income taxes were computed at 41% in both 1999 and 1998. The 41% rate is expected to apply throughout the current year.

NET INCOME

Net income for the third quarter increased 21.9% from \$28.9 million in 1998 to \$35.2 million in 1999. Net income for the first nine months increased 21.6% from \$84.7 million in 1998 to \$103.0 million in 1999. Net income per share-diluted for the third quarter was \$0.28 in 1999 compared to \$0.23 in 1998. Net income per share-diluted for the first nine months of 1999 was \$0.81 compared to \$0.67 in the comparable 1998 period. The increases in net income per share-diluted for the third quarter and first nine months of 1999 over the comparable 1998 periods amounted to \$0.05 and \$0.14, respectively.

YEAR 2000 SYSTEMS EVALUATION

The Company provides data processing and other related services to financial institutions of all kinds. The Company has completed the Year 2000 renovation, testing and implementation of its mission critical proprietary systems used in providing service to its clients. Testing and implementation of the remaining non-mission critical systems, which are not material to the Company's business, are substantially complete as of September 1999.

The Company has received Year 2000 disclosures prepared by its principal vendors indicating that they will be Year 2000 compliant in all material respects. The Company's contingency plans include actions required should any vendor experience Year 2000-related problems. In addition, the Company has no reason to believe that its clients will not be Year 2000 compliant in all material respects, and in many cases has assisted its clients in their Year 2000 efforts.

The Company has met and believes it will continue to meet its Year 2000 compliance commitments using existing resources, without incurring significant incremental expenses. Although the Company does not maintain accounting records that separately identify all of the costs associated with its Year 2000 activities, it has estimated that commencing with 1996 such costs have approximated \$15 million annually. Estimated costs for 1999 when the entire project is scheduled for completion are approximately \$10 to \$12 million.

The disclosure set forth above contains forward-looking statements. Specifically, such statements are contained in sentences including the words "will" or "expect" or "anticipate" or "could" or "should". Such forward-looking statements are subject to inherent risks and uncertainties that may cause actual results to differ materially from those contemplated by such forward-looking statements. The factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include the failure by third parties to adequately remediate Year 2000 issues and the inability of the Company to test and implement remaining non-mission critical systems. Failure by the Company in making its proprietary systems Year 2000 compliant would have a material adverse effect on its business. However, the Company expects that its Year 2000 compliance efforts will be successful without any material adverse effects on its business.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's primary sources of funds for the nine months ended September 30, 1999 and 1998:

	1999	1998
	-----	-----
	(In thousands)	
Cash provided by operating activities before changes in securities processing receivables and payables - net	\$209,079	\$163,084
Securities processing receivables and payables - net	(54,873)	19,543
	-----	-----
Cash provided by operating activities	154,206	182,627
Increase in net borrowings	143,815	20,091
	-----	-----
TOTAL	\$298,021	\$202,718
	=====	=====

Long-term obligations amounted to \$534.4 million at September 30, 1999. Included in long-term obligations is \$354.4 million advanced under an aggregate of \$500.0 million in revolving credit facilities. The credit facilities which expire in May 2004 are comprised of a \$250.0 million five year revolving credit facility and a \$250.0 million 364-day revolving credit facility. In addition, the Company has a \$75.0 million unsecured line of credit and commercial paper facility of which \$70.0 million was outstanding as of September 30, 1999.

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 debt or equity securities.

PART II. OTHER INFORMATION

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

(a) Exhibits

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

(b) Reports on Form 8-K

Form 8-K filed on August 11, 1999, relating to the authorization of the Company's stock buy-back plan.

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 October 19, 1999

by /s/ Kenneth R. Jensen

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

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE SEPTEMBER 1999 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH INFORMATION.

1,000

9-MOS	DEC-31-1999	
	SEP-30-1999	75,903
		1,639,552
		233,236
		0
		0
	3,712,760	195,743
		0
	5,063,287	
3,529,747		0
	0	
		0
		1,254
	1,019,478	
5,063,287		0
	1,033,044	0
		825,497
		19,841
		0
	13,213	
	174,493	
	71,542	
102,951		0
	0	0
	102,951	
		0.83
		0.81