

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

FORM 10-Q

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

For Quarter Ended March 31, 1996

Commission file number 0-14948

FISERV, INC.

(Exact name of Registrant as specified in its charter)

WISCONSIN

39-1506125

(State or other jurisdiction of  
incorporation or organization)

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

255 FISERV DRIVE, BROOKFIELD, WI.

53045

(Address of principal executive office)

(Zip Code)

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

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

At March 31, 1996, 44,963,000 shares of common stock of the Registrant were outstanding.

Exhibit Index appears at page 8.

1 PART I. FINANCIAL INFORMATION

FISERV, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME  
for the Three Month Periods Ended March 31, 1996 and 1995

	Three Months Ended	
	March 31,	
	1996	1995
Revenues	\$194,710	\$157,179
Cost of revenues:		
Salaries, commissions and payroll related costs	90,692	75,220
Data processing expenses, rentals and telecommunication costs	24,274	22,617
Other operating expenses	34,409	27,992
Depreciation and amortization of property and equipment	10,309	9,113
Amortization of intangible assets	5,317	2,995
Capitalization of internally		

generated computer software	(796)	(1,649)
Total cost of revenues	164,205	136,288
Operating income	30,505	20,891
Interest expense-net	5,655	1,837
Income before income taxes	24,850	19,054
Income tax provision	10,189	7,813
Net income	\$14,661	\$11,241
Net income per common and common equivalent share	\$0.32	\$0.27
Shares used in computing net income per share	45,919	40,943

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	March 31, 1996	December 31, 1995
	(In thousands)	
ASSETS		
Cash and cash equivalents	\$48,893	\$59,743
Accounts receivable	156,809	154,628
Prepaid expenses and other assets	66,903	63,893
Due on sale of securities		97,446
Trust account investments	1,067,112	834,286
Other investments	54,573	55,748
Deferred income taxes	33,755	39,527
Property and equipment-net	148,236	148,343
Internally generated computer software-net	75,636	73,863
Identifiable intangible assets relating to acquisitions-net	60,963	57,270
Goodwill-net	291,449	300,552
Total	\$2,004,329	\$1,885,299
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$38,875	\$43,948
Accrued expenses	52,763	59,614
Accrued income taxes	3,626	6,116
Deferred revenues	44,597	40,754
Trust account deposits	1,050,912	917,189
Long-term debt	362,657	381,361
Other long-term obligations	1,650	2,055
Total liabilities	1,555,080	1,451,037
Stockholders' equity:		
Common stock outstanding, 44,963,000 and 44,887,000 shares, respectively	450	449
Additional paid-in capital	316,142	315,800
Unrealized gain on investments	15,400	15,268
Accumulated earnings	117,257	102,745
Total stockholders' equity	449,249	434,262
Total	\$2,004,329	\$1,885,299

See notes to consolidated financial statements.

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FISERV, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
for the Three-Month Periods Ended March 31, 1996 and 1995

	Three Months Ended March 31,	
	1996	1995
	(In thousands)	
Cash flows from operating activities:		
Net income	\$14,661	\$11,241
Adjustments to reconcile income to net cash provided by operating activities:		
Deferred income taxes	4,581	4,073
Depreciation and amortization of property and equipment	10,309	9,362
Amortization of intangible assets	5,317	2,746
Capitalization of internally generated computer software-net	(796)	(1,649)
	34,072	25,773
Cash provided (used) by changes in assets and liabilities, net of effects from acquisitions of businesses:		
Accounts receivable	(2,116)	317
Prepaid expenses and other assets	(3,114)	(7,413)
Accounts payable and accrued expenses	(12,841)	(13,024)
Deferred revenue	3,559	834
Income taxes payable	(1,338)	1,079
	18,222	7,566
Cash flows from investing activities:		
Capital expenditures	(9,525)	(42,905)
Investments and other assets	1,175	(10,849)
Payment for acquisition of businesses	(484)	(6,699)
Trust account investments	(135,107)	(154,016)
	(143,941)	(214,469)
Cash flows from financing activities:		
Borrowings and other long-term obligations-net	(19,275)	13,122
Issuance of common stock	423	2,448
Trust account deposits	133,721	155,102
	114,869	170,672
Change in cash	(10,850)	(36,231)
Beginning balance	59,743	36,349
Ending balance	\$48,893	\$118

See notes to consolidated financial statements.

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Fiserv, Inc. and Subsidiaries  
NOTES TO FINANCIAL STATEMENTS

1. Principles of Consolidation

The consolidated balance sheet as of March 31, 1996, and the related consolidated statements of income and cash flows for the three-month periods ended March 31, 1996 and 1995 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items. Interim results are not necessarily indicative of results for a full year.

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

2. Shares Used in Computing Net Income per Share

Three Months Ended

March 31,  
1996      1995

(In thousands)

Weighted average number of common shares outstanding	44,944	40,129
Shares issuable upon exercise of options reduced by the number of shares which could have been purchased with the proceeds of such exercise	975	814
	-----	-----
Shares used	45,919	40,943
	-----	-----

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

### 3. Accounting for Income Taxes

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating and tax credit carryforwards. Significant components of the Company's net deferred tax liability as of March 31, 1996 and December 31, 1995 are as follows:

	March, 31 1996	December 31, 1995
Allowance for doubtful accounts	\$2,319,000	\$2,319,000
Accrued expenses not currently deductible	6,323,000	7,769,000
Deferred revenue	9,122,000	9,122,000
Other	1,058,000	1,728,000
Net operating loss and credit carryforwards	5,794,000	6,739,000
Purchased incomplete software technology	65,152,000	66,305,000
Deferred costs	(9,967,000)	(9,143,000)
Internally generated capitalized software	(31,010,000)	(30,283,000)
Excess of tax over book depreciation and amortization	(4,335,000)	(4,419,000)
Unrealized gain on investments	(10,701,000)	(10,610,000)
	-----	-----
Total	\$33,755,000	\$39,527,000
	=====	=====

### 4. Supplemental Cash Flow Information

Quarter Ended March 31,  
1996      1995

	(In thousands)	
Income taxes paid	\$6,729	\$1,379
Interest paid	4,012	1,690
Liabilities assumed in acquisitions of businesses	1,236	2,639

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

#### Results of Operations

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

	Three Months Ended		
	March 31, 1996	1995	Percentage Increase
	-----		
Revenues	100.00%	100.00%	23.88%

Salaries and related costs	46.58	47.86	20.57
Data processing costs	12.47	14.39	7.33
Other operating expenses	17.67	17.81	22.92
Depreciation and amortization	5.29	5.80	13.12
Amortization of intangible assets	2.73	1.91	77.53
Capitalization of software-net	(0.41)	(1.05)	(51.73)
Total cost of revenues	84.33	86.72	20.48
Operating income	15.67	13.28	46.02

#### REVENUES

Revenues increased 23.9% from \$157.2 million in the first quarter of 1995 to \$194.7 in the current first quarter. Approximately 70% of this growth resulted from the inclusion of revenues from the date of purchase of acquired companies and approximately 30% from increases in revenue from the addition of new clients, growth in the transaction volume experienced by existing clients and price increases.

#### COST OF REVENUES

Cost of revenues increased 20.5% from \$136.3 million in the first quarter of 1995 to \$164.2 million in the current first quarter. Salaries, data processing, other operating expenses and depreciation and amortization all increased at a rate that was lower than the rate of increase for revenues. Amortization of intangible assets increased at a disproportionate rate due to the intangible assets recorded in the acquisition of Information Technology, Inc. Capitalization of software decreased as a percentage of revenue, a trend which is expected to continue as the amortization of such software begins to approximate the capitalizable portion of software development costs.

#### OPERATING INCOME

Operating income increased 46% from \$20.9 million in the first quarter of 1995 to \$30.5 million in the current first quarter. As a percentage of revenues, operating income improved 2.4% in the first quarter of 1996 as compared to the prior year period.

#### NET INTEREST EXPENSE

As a result of acquisitions since the first quarter of 1995, which were partially funded through borrowing, net interest expense increased from \$1.8 million in the first quarter of 1995 to \$5.7 million in the current first quarter.

#### INCOME TAX PROVISION

Income taxes were computed at 41% in both 1996 and 1995. The 41% rate is expected to apply throughout the current year.

#### NET INCOME

Net income grew 30% from \$11.2 million in the first quarter of 1995 to \$14.7 million in the first quarter of 1996, and net income per share increased 19% from \$.27 per share in the first quarter of 1995 to \$.32 in the corresponding period of 1996.

#### LIQUIDITY AND CAPITAL RESOURCES

During the three months ended March 31, 1996, cash and cash equivalents decreased \$10.9 million comprising primarily \$18.2 million net cash provided from operating activities and \$.4 million from the sale of common stock offset by \$9.5 million capital expenditures, \$.5 million for acquisition of businesses, \$1.2 million net increase in investments and \$19.3 million net decrease in long-term debt.

Long-term obligations amounted to \$364.3 million at March 31, 1996. The majority of this debt comprises \$126.4 million senior notes due 1996 to 2005 and \$223.0 million advanced under a \$300 million unsecured line of credit and commercial paper facility expiring May 17, 2000. A facility fee ranging from .175% to .325% per annum is required on the entire bank line regardless of usage.

The Company has historically applied a significant portion of its cash flow from operating activities together with proceeds of its common stock offerings 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.

PART II. OTHER INFORMATION

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

- (a) Exhibits
  - Index to exhibits
  - (11) Statement regarding computation of per share earnings (included on page 5, Part 1).
- (b) Reports on Form 8-K
  - None.

SIGNATURES

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

Fiserv, Inc.

\_\_\_\_\_  
(Registrant)

Date        April 23, 1996        by /S/ EDWARD P. ALBERTS

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EDWARD P. ALBERTS  
Senior Vice President,  
Finance and Controller

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE  
MARCH 1996 FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO  
SUCH INFORMATION.

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