

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 JUNE 30, 1999

COMMISSION FILE NUMBER 0-14948

FISERV, INC.

(Exact name of Registrant as specified in its charter)

WISCONSIN

(State or other jurisdiction of
incorporation or organization)

39-1506125

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

255 FISERV DRIVE, BROOKFIELD, WI

(Address of principal executive office)

53045

(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 ()

As of July 16, 1999, there were 123,554,000 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 June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	-----	-----	-----	-----
REVENUES	\$343,252	\$311,220	\$680,381	\$585,049
Cost of revenues:				
Salaries, commissions and payroll related costs	163,619	144,302	323,165	272,485
Data processing expenses, rentals and telecommunication costs	26,904	28,561	57,524	55,957
Other operating expenses	69,510	68,908	133,483	121,281
Depreciation and amortization of property and equipment	14,891	14,613	29,659	28,811
Amortization of intangible assets	4,825	3,867	9,373	7,331
Amortization (capitalization) of internally generated computer software-net	989	(1,853)	4,040	(3,022)
Total cost of revenues	280,738	258,398	557,244	482,843
OPERATING INCOME	62,514	52,822	123,137	102,206
Interest expense - net	4,315	4,228	8,300	7,595
INCOME BEFORE INCOME TAXES	58,199	48,594	114,837	94,611
Income tax provision	23,861	19,924	47,083	38,791
NET INCOME	\$34,338	\$28,670	\$67,754	\$55,820
	=====	=====	=====	=====
NET INCOME PER SHARE:				
Basic	\$0.28	\$0.23	\$0.55	\$0.45
	=====	=====	=====	=====
Diluted	\$0.27	\$0.22	\$0.53	\$0.44
	=====	=====	=====	=====
SHARES USED IN COMPUTING NET INCOME PER SHARE:				
Basic	123,498	124,686	123,364	122,772
	=====	=====	=====	=====
Diluted	127,302	128,895	127,591	126,846
	=====	=====	=====	=====

See notes to consolidated financial statements.

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

	June 30, 1999	December 31, 1998
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 62,439	\$ 71,558
Accounts receivable	224,411	246,851
Securities processing receivables	2,381,622	1,402,650
Prepaid expenses and other assets	83,337	83,453
Trust account investments	1,246,310	1,098,773
Other investments	413,000	180,099
Deferred income taxes	--	14,545
Property and equipment-net	186,875	179,434
Internally generated computer software-net	83,159	85,821
Intangible assets-net	652,401	595,154
	-----	-----
TOTAL	\$ 5,333,554	\$ 3,958,338
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 54,614	\$ 65,385
Securities processing payables	2,060,096	1,207,838
Short-term borrowings	156,189	38,350
Accrued expenses	156,868	150,519
Accrued income taxes	14,937	14,768
Deferred revenues	108,798	107,286
Trust account deposits	1,247,348	1,098,773
Deferred income taxes	69,648	--
Long-term debt	390,859	389,622
	-----	-----
TOTAL LIABILITIES	4,259,357	3,072,541
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock issued, 125,350,000 and 124,880,000 shares, respectively	1,253	1,249
Additional paid-in capital	457,569	448,461
Accumulated other comprehensive income	151,409	39,875
Accumulated earnings	506,396	438,642
Treasury stock, at cost; 1,800,000 shares in 1999 and 1998	(42,430)	(42,430)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	1,074,197	885,797
	-----	-----
TOTAL	\$ 5,333,554	\$ 3,958,338
	=====	=====

See notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 67,754	\$ 55,820
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	6,111	5,170
Depreciation and amortization of property and equipment	29,659	28,811
Amortization of intangible assets	9,373	7,331
Amortization (capitalization) of internally generated computer software-net	4,040	(3,022)
	-----	-----
	116,937	94,110
Cash provided (used) by changes in assets and liabilities, net of effects from acquisitions of businesses:		
Accounts receivable	22,937	(563)
Prepaid expenses and other assets	8,620	(1,227)
Accounts payable and accrued expenses	(11,499)	(2,099)
Deferred revenue	717	16,245
Income taxes payable	4,632	4,013
Securities processing receivables and payables - net	(36,201)	(29,255)
	-----	-----
Net cash provided by operating activities	106,143	81,224
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(35,808)	(31,391)
Other investments	(39,312)	(3,583)
Payment for acquisition of businesses	(87,250)	(87,842)
Trust account investments	(149,499)	4,173
	-----	-----
Net cash provided (used) by investing activities	(311,869)	(118,643)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term obligations - net	40,240	9,625
Increase in long-term obligations - net	2,679	49,577
Issuance (purchases) of common stock - net	5,113	(36,524)
Trust account deposits	148,575	(8,959)
	-----	-----
Net cash provided (used) by financing activities	196,607	13,719
	-----	-----
Change in cash	(9,119)	(23,700)
Beginning balance	71,558	89,377
	-----	-----
Ending balance	\$ 62,439	\$ 65,677
	=====	=====

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 six-month periods ended June 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 June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	----- (In thousands) -----			
Weighted average number of common shares outstanding	123,498	124,686	123,364	122,772
Common stock equivalents	3,804	4,209	4,227	4,074

Shares used in computing diluted net income per share	127,302	128,895	127,591	126,846
	=====	=====	=====	=====

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 June 30, 1999 and December 31, 1998 are as follows:

	June 30, 1999	December 31, 1998
	----- (In thousands) -----	
Purchased incomplete software technology	\$ 49,970	\$ 52,276
Accrued expenses not currently deductible	27,716	25,329
Deferred revenues	16,294	14,558
Other	(11,618)	(5,512)
Internally generated capitalized software	(34,095)	(35,188)
Excess of tax over book depreciation and amortization	(12,301)	(9,167)
Unrealized gain on investments	(105,614)	(27,751)

Total deferred income taxes	(\$ 69,648)	\$ 14,545
	=====	=====

4. SUPPLEMENTAL CASH FLOW INFORMATION

	Six Months Ended June 30,	
	1999	1998
	----- (In thousands) -----	
Income taxes paid	\$ 38,002	\$31,003
Interest paid	11,828	11,215
Liabilities assumed in acquisitions of businesses	199,878	30,273

5. SHAREHOLDERS' EQUITY

Total comprehensive income for the six months ended June 30, 1999 and 1998 was \$179.3 million and \$55.8 million, respectively. The increase in comprehensive income during the six months ended June 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.

6. 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 June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	----- (In thousands) -----			
REVENUES:				
Financial institution data processing and software services	\$262,423	\$241,666	\$522,809	\$450,754
Securities processing and trust services	65,868	59,242	127,130	113,378
Other	14,961	10,312	30,442	20,917
TOTAL	\$343,252	\$311,220	\$680,381	\$585,049
OPERATING INCOME:				
Financial institution data processing and software services	\$ 45,144	\$ 37,371	\$ 89,415	\$ 72,662
Securities processing and trust services	18,624	19,385	36,000	36,126
Other	(1,254)	(3,934)	(2,278)	(6,582)
TOTAL	\$ 62,514	\$ 52,822	\$123,137	\$102,206

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 June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	(Percent of Revenues)			
Revenues	100.0%	100.0%	100.0%	100.0%
Salaries and related costs	47.7	46.4	47.5	46.6
Data processing costs	7.8	9.2	8.4	9.6
Other operating expenses	20.3	22.1	19.6	20.7
Depreciation and amortization	4.3	4.7	4.4	4.9
Amortization of intangible assets	1.4	1.2	1.4	1.2
Amortization (capitalization) of software-net	0.3	(0.6)	0.6	(0.5)
Total cost of revenues	81.8	83.0	81.9	82.5
Operating income	18.2	17.0	18.1	17.5

REVENUES

Revenues increased 10.3% from \$311.2 million in the second quarter of 1998 to \$343.3 million in the current second quarter and 16.3% from \$585.0 million in the first six months of 1998 to \$680.4 million in the comparable current period. Approximately 40% of the year to date growth resulted from the inclusion of revenues from the date of purchase of acquired companies and approximately 60% 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 8.6% from \$258.4 million in the second quarter of 1998 to \$280.7 million in the current second quarter, and 15.4% from \$482.8 million in the first six months of 1998 to \$557.2 million in the first six months of 1999. The make up of cost of revenues has been affected by changes in the mix of the Company's business as sales of software and related support activities and securities processing operations have enjoyed an increasing percentage of total revenues.

OPERATING INCOME

Operating income increased 18.3% from \$52.8 million in the second quarter of 1998 to \$62.5 million in the current second quarter, and increased 20.5% from \$102.2 million in the first six months of 1998 to \$123.1 million in the first six months of 1999. As a percentage of revenues, operating margins were slightly higher during both the second quarter and first six months of 1999 when compared to the comparable prior year periods.

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 second quarter increased 19.8% from \$28.7 million in 1998 to \$34.3 million in 1999. Net income for the first six months increased 21.4% from \$55.8 million in 1998 to \$67.8 million in 1999. Net income per share-diluted for the second quarter was \$.27 in 1999 compared to \$.22 in 1998. Net income per share-diluted for the first six months of 1999 was \$.53 compared to \$.44 in the comparable 1998 period. The increases in net income per share-diluted for the

second quarter and first six months of 1999 over the comparable 1998 periods amounted to \$.05 and \$.09, respectively.

YEAR 2000 SYSTEMS EVALUATION

The Company provides data processing and other related services to financial institutions of all kinds. The Company has substantially 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 expected to be completed by the end 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 is 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 six months ended June 30, 1999 and 1998:

	1999	1998
	-----	-----
	(In thousands)	
Cash provided by operating activities before changes in securities processing receivables and payables - net	\$ 142,344	\$ 110,479
Securities processing receivables and payables - net	(36,201)	(29,255)
Cash provided by operating activities	----- 106,143	----- 81,224
Issuance (purchases) of common stock - net	5,113	(36,524)
Increase in investments	(40,236)	(8,369)
Increase in net borrowings	42,919	59,202
TOTAL	----- \$ 113,939 =====	----- \$ 95,533 =====

Long-term obligations amounted to \$390.9 million at June 30, 1999. The majority of this debt comprises \$86.4 million of senior notes due 2000 to 2005 and \$235.4 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. A facility fee of .1% to .2% per annum is required on the entire credit facility regardless of usage.

The Company has historically applied a significant portion of its cash flow from operating activities and long-term borrowings to acquisitions. The Company believes that its cash flow from operating activities together with other available sources of funds will be adequate to meet its funding requirements. However, in the event that the Company makes significant future acquisitions, it may raise funds through additional borrowings or issuance of securities.

PART II. OTHER INFORMATION

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

- (a) Exhibits
 - (11) Statement regarding computation of per share earnings (included on page 5, Part 1).
 - (27) Financial data schedule
- (b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 1999.

SIGNATURES

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

FISERV, INC.

(Registrant)

Date July 20, 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 June 1999 10-Q and is qualified in its entirety by reference to such information.

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6-MOS	
DEC-31-1999	JUN-30-1999
	62,439
1,246,310	
224,411	0
	0
3,998,119	186,875
	0
5,333,554	
3,889,599	0
	0
	1,253
5,333,554	1,072,944
	0
680,381	0
	543,831
	13,413
	0
	8,300
	114,837
	47,083
67,754	0
	0
	0
	67,754
	0.55
	0.53