

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, 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 June 30, 1996, 45,142,000 shares of common stock of the Registrant were outstanding.

Exhibit Index appears at page 8.

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PART I. FINANCIAL INFORMATION

FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
for the Three and Six-Month Periods Ended June 30, 1996 and 1995

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
	(In thousands except per share amounts)			
Revenues	\$196,464	\$173,470	\$391,174	\$330,649
Cost of revenues:				
Salaries, commissions and payroll related costs	90,984	80,855	181,676	156,075
Data processing expenses, rentals and telecommunication costs	24,523	24,060	48,797	46,677
Other operating expenses	35,247	32,656	69,656	60,648
Depreciation and amortization of property and equipment	10,305	9,432	20,614	18,794
Amortization of intangible assets	5,240	3,605	10,557	6,351
Capitalization of internally generated computer software-net	(687)	(1,883)	(1,483)	(3,532)
Total cost of revenues	165,612	148,725	329,817	285,013
Operating income	30,852	24,745	61,357	45,636

Interest expense - net	5,076	4,437	10,731	6,274
	-----	-----	-----	-----
Income before income taxes	25,776	20,308	50,626	39,362
Income tax provision	10,568	8,326	20,757	16,138
	=====	=====	=====	=====
Net income	\$15,208	\$11,982	\$29,869	\$23,224
	=====	=====	=====	=====
Net income per common and common equivalent share	\$0.33	\$0.28	\$0.65	\$0.55
	=====	=====	=====	=====
Shares used in computing net income per share	46,096	43,409	46,008	42,157
	=====	=====	=====	=====

See notes to consolidated financial statements.

FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 1996	December 31, 1995
	-----	-----
	(In thousands)	
ASSETS		
Cash and cash equivalents	\$61,396	\$59,743
Accounts receivable	158,760	154,628
Prepaid expenses and other assets	52,708	63,893
Due on sale of securities		97,446
Trust account investments	971,652	834,286
Other investments	30,349	55,748
Deferred income taxes	35,844	39,527
Property and equipment-net	146,010	148,343
Internally generated computer software-net	76,018	73,863
Identifiable intangible assets relating		
to acquisitions-net	57,438	57,270
Goodwill-net	296,395	300,552
	=====	=====
Total	\$1,886,570	\$1,885,299
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$41,369	\$43,948
Accrued expenses	53,633	59,614
Accrued income taxes	8,729	6,116
Deferred revenues	52,745	40,754
Trust account deposits	955,956	917,189
Long-term debt	304,716	381,361
Other long-term obligations	1,497	2,055
	-----	-----
Total liabilities	1,418,645	1,451,037
	-----	-----
Stockholders' equity:		
Common stock outstanding, 45,142,000 and		
44,887,000 shares, respectively	451	449
Additional paid-in capital	319,586	315,800
Unrealized gain on investments	15,334	15,268
Accumulated earnings	132,554	102,745
	-----	-----
Total stockholders' equity	467,925	434,262
	=====	=====
Total	\$1,886,570	\$1,885,299
	=====	=====

See notes to consolidated financial statements.

FISERV, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the Six-Month Periods Ended June 30, 1996 and 1995

	Six Months Ended June 30,	
	1996	1995
	-----	-----
	(In thousands)	
Cash flows from operating activities:		
Net income	\$29,869	\$23,224
Adjustments to reconcile income to net cash provided by operating activities:		
Deferred income taxes	3,683	7,783
Depreciation and amortization of property and equipment	20,614	18,794
Amortization of intangible assets	10,557	6,351
Capitalization of internally generated computer software-net	(1,483)	(3,532)
	-----	-----
	63,240	52,620
Cash provided (used) by changes in assets and liabilities, net of effects from acquisitions of businesses:		
Accounts receivable	(4,120)	2,107
Prepaid expenses and other assets	10,963	(5,221)
Accounts payable and accrued expenses	(8,264)	(24,350)
Deferred revenue	11,684	4,859
Income taxes payable	2,255	325
	-----	-----
Net cash provided by operating activities	75,758	30,340
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(16,995)	(22,709)
Investments and other assets	25,399	2,982
Payment for acquisition of businesses	(7,683)	(252,836)
Trust account investments	(39,760)	136,547
	-----	-----
Net cash used by investing activities	(39,039)	(136,016)
	-----	-----
Cash flows from financing activities:		
Borrowings and other long-term obligations-net	(77,619)	247,138
Issuance of common stock	3,788	590
Trust account deposits	38,765	(111,485)
	-----	-----
Net cash provided by financing activities	(35,066)	136,243
	-----	-----
Change in cash	1,653	30,567
Beginning balance	59,743	29,683
	=====	=====
Ending balance	\$61,396	\$60,250
	=====	=====

See notes to consolidated financial statements.

FISERV, INC. AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

1. Principles of Consolidation

The consolidated balance sheet as of June 30, 1996 and the related consolidated statements of income and cash flows for the three and six-month periods ended June 30, 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 June 30, 1996		Six Months Ended June 30, 1996	
	1996	1995	1996	1995

	(In thousands)			
Weighted average number of common shares outstanding	45,124	42,409	45,035	41,251
Shares issuable upon exercise of options reduced by the number of shares which could have been purchased with the proceeds of such exercise	972	1,000	973	906

Shares used	46,096	43,409	46,008	42,157
	=====			

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 June 30, 1996 and December 31, 1995 are as follows:

	June 30, 1996	December 31, 1995

	(In thousands)	
Allowance for doubtful accounts	\$2,319	\$2,319
Accrued expenses not currently deductible .	5,966	7,769
Deferred revenue	9,722	9,122
Other	782	1,728
Net operating loss and credit carryforwards	5,594	6,739
Purchased incomplete software technology ..	63,999	66,305
Deferred costs	(6,467)	(9,143)
Internally generated capitalized software .	(31,167)	(30,283)
Excess of tax over book depreciation and amortization	(4,251)	(4,419)
Unrealized gain on investments	(10,653)	(10,610)

Total deferred income taxes	\$35,844	\$39,527
	=====	

4. Supplemental Cash Flow Information

	Six Months Ended June 30,	
	1996	1995

	(In thousands)	
Income taxes paid	\$14,461	\$4,802
Interest paid	12,394	6,440
Liabilities assumed in acquisitions of businesses - Trust account deposits		225,893
Other	1,236	48,784
Value of common shares issued in acquisitions of businesses		135,947

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

Results of Operations

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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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995

	(Percent of Revenues)			
Revenues	100.00%	100.00%	100.00%	100.00%

Salaries and related costs	46.31	46.61	46.44	47.20
Data processing costs	12.48	13.87	12.47	14.12
Other operating expenses	17.94	18.83	17.81	18.34
Depreciation and amortization ...	5.25	5.44	5.27	5.68
Amortization of intangible assets	2.67	2.08	2.70	1.92
Capitalization of software-net ..	(.35)	(1.09)	(.38)	(1.07)

Total cost of revenues	84.30	85.74	84.31	86.19

Operating income	15.70	14.26	15.69	13.81
	=====			

Revenues

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Revenues increased 13.3% from \$173.5 million in the second quarter of 1995 to \$196.5 million in the current second quarter and 18.3% from \$330.6 million in the first six months of 1995 to \$391.2 million in the comparable current period. Approximately 65% of the year-to-date growth in revenue resulted from the inclusion of revenues from the date of purchase of acquired companies and the remainder 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

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Cost of revenues increased 11.4% from \$148.7 million in the second quarter of 1995 to \$165.6 million in the current second quarter, and 15.7% from \$285.0 million in the first six months of 1995 to \$329.8 million in the first six months of 1996. These increases are slightly less than the increase in revenue for the periods due to improved operating margins.

Operating Income

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Operating income increased 24.7% from \$24.7 million in the second quarter of 1995 to \$30.9 million in the current second quarter, and 34.4% from \$45.6 million in the first six months of 1995 to \$61.4 million in the first six months of 1996. As a percentage of revenues, operating margins improved during the second quarter and first six months of 1996 when compared to the comparable prior year periods due primarily to changes in the mix of business, including the impact of acquisitions referred to above.

Interest Expense - Net

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As a result of acquisitions since January 1, 1995, which were only partially funded with common stock, net interest expense increased \$0.6 million in the second quarter and \$4.5 million in the first six months of 1996 over amounts incurred for the comparable 1995 periods.

Income Tax Provision

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

Net Income

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Net income grew 26.9% from \$12.0 million in the second quarter of 1995 to \$15.2 million in the comparable 1996 quarter and 28.6% from \$23.2 million in the first six months of 1995 to \$29.9 million in the comparable current period. Net income per share increased \$.05 from \$.28 in the second quarter of 1995 to \$.33 in the current second quarter and \$.10 from \$.55 in the first six months of 1995 to \$.65 in the first six months of 1996. The increase in net income per share over 1995 was consistent with management expectations and historical growth rates.

Liquidity and Capital Resources

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During the six months ended June 30, 1996, cash increased \$1.7 million comprising primarily \$75.8 million net cash provided by operating activities, \$24.4 million decrease in investments and \$3.8 million from issuance of common stock, which was partially offset by \$7.7 million for the acquisition of businesses, \$77.6 million net repayment of long-term debt and \$17.0 million for capital expenditures. Long-term obligations amounted to \$306.2 million at June 30, 1996. The majority of this debt comprises \$119.6 million of senior notes due 1997 to 2001 and \$173.0 million advanced under a \$300 million unsecured line of credit and commercial paper facility which reduces \$45 million in May 1997 and in May 1998, \$60 million in May 1999 and expires in May 2000. A facility fee of 0.10% to 0.20% per annum is required on the line.

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

PART II. OTHER INFORMATION

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

(a) Exhibits

Index to exhibits

(11) Statement regarding computation of per share earnings (included on page 5, Part 1).

(b) Reports on Form 8-K

During the quarter ended June 30, 1996, the Registrant filed a report on Form 8-K, dated April 4, 1996, relating to an amendment of its processing contract with The Chase Manhattan Corporation.

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 23, 1996

by /S/ EDWARD P. ALBERTS

EDWARD P. ALBERTS
Senior Vice President, Finance
and Controller

This schedule contains summary financial information extracted from the June 1996 10-Q and is qualified in its entirety by reference to such information.

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6-mos		
DEC-31-1996		
JUN-30-1996		
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1,232,185		
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1,886,570		
1,122,324		
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0		
	0	
	451	
	467,474	
1,886,570		
	0	
391,174		
	0	
	320,743	
	9,074	
	0	
10,731		
	50,626	
	20,757	
29,869		
	0	
	0	
	0	
	29,869	
	0.65	
	0.65	