

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998  
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OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to  
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Commission file Number 0-10200  
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A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

SEI Investments Capital Accumulation Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

SEI Investments Company  
1 Freedom Valley Drive  
Oaks, Pennsylvania 19456

SEI INVESTMENTS CAPITAL ACCUMULATION PLAN

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Plan Administrator of  
SEI Investments  
Capital Accumulation Plan:

We have audited the accompanying statements of net assets available for benefits of SEI Investments Capital Accumulation Plan (the "Plan") as of December 31, 1998 and 1997, and the related statement of changes in net assets available for benefits for the year ended December 31, 1998. These financial statements and the schedules referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules 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, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1998 and 1997, and the changes in its net assets available for benefits for the year ended December 31, 1998 in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the accompanying index are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The fund information in the statements of net assets available for benefits and the statement of changes in net assets available for benefits is presented for purposes of additional analysis rather than to present the net assets available for benefits and changes in net assets available for benefits of each fund. The supplemental schedules and fund information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Philadelphia, Pa.,  
May 14, 1999

SEI INVESTMENTS CAPITAL ACCUMULATION PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1998

	Stable Asset Fund	Core Fixed Income Fund	Large Cap Value Fund	Interna- tional Equity Fund	Small Cap Growth Fund	Large Cap Growth Fund	Diversified Moderate Growth Fund
INVESTMENTS	\$6,413,190	\$3,990,661	\$16,346,608	\$3,755,479	\$11,519,567	\$22,076,065	\$447,166
PARTICIPANT LOANS	--	--	--	--	--	--	--
EMPLOYEE AND EMPLOYER CONTRIBUTIONS RECEIVABLE	15,653	9,741	39,899	9,166	28,117	53,884	1,091
INTEREST RECEIVABLE	32,743	18,116	--	--	--	--	--
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$6,461,586</u>	<u>\$4,018,518</u>	<u>\$16,386,507</u>	<u>\$3,764,645</u>	<u>\$11,547,684</u>	<u>\$22,129,949</u>	<u>\$448,257</u>

  

	Diversified Global Growth Fund	Diversified Global Stock Fund	Diversified Conservative Fund	Emerging Markets Equity Fund	SEI Investments Company Common Stock Fund	Participant Loans	Total
INVESTMENTS	\$2,598,201	\$4,918,137	\$531,645	\$288,544	\$5,802,238	\$ --	\$78,687,501
PARTICIPANT LOANS	--	--	--	--	--	941,915	941,915
EMPLOYEE AND EMPLOYER CONTRIBUTIONS RECEIVABLE	6,342	12,004	1,298	704	13,937	--	191,836
INTEREST RECEIVABLE	--	--	--	--	--	--	50,859
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$2,604,543</u>	<u>\$4,930,141</u>	<u>\$532,943</u>	<u>\$289,248</u>	<u>\$5,816,175</u>	<u>\$941,915</u>	<u>\$79,872,111</u>

The accompanying notes are an integral part of this statement.

SEI INVESTMENTS CAPITAL ACCUMULATION PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1997

	Stable Asset Fund	Core Fixed Income Fund	Large Cap Value Fund	Interna- tional Equity Fund	Small Cap Growth Fund	Large Cap Growth Fund	Diversified Moderate Growth Fund
INVESTMENTS	\$5,564,378	\$3,447,108	\$15,840,422	\$3,607,507	\$12,073,979	\$17,029,296	\$143,238
CASH AND SHORT- TERM FUND	606	375	1,724	393	1,314	1,854	16
PARTICIPANT LOANS	--	--	--	--	--	--	--
EMPLOYEE AND EMPLOYER CONTRIBUTIONS RECEIVABLE	13,426	8,315	38,016	8,658	28,977		40,870
INTEREST RECEIVABLE	29,998	17,597	--	--	--	--	--
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$5,608,408</u>	<u>\$3,473,395</u>	<u>\$15,880,162</u>	<u>\$3,616,558</u>	<u>\$12,104,270</u>	<u>\$17,072,020</u>	<u>\$143,598</u>

  

	Diversified Global Growth Fund	Diversified Global Stock Fund	Diversified Conservative Fund	Emerging Markets Equity Fund	SEI Investments Company Common Stock Fund	Participant Loans	Total
INVESTMENTS	\$2,340,225	\$4,276,445	\$380,959	\$363,228	\$1,515,934	\$ --	\$66,582,719
CASH AND SHORT- TERM FUND	265	465	41	40	154	--	7,247
PARTICIPANT LOANS	--	--	--	--	--	846,067	846,067
EMPLOYEE AND EMPLOYER CONTRIBUTIONS RECEIVABLE	5,616	10,263	914	872	3,639	--	159,910
INTEREST RECEIVABLE	--	--	--	--	--	--	47,595
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$2,346,106</u>	<u>\$4,287,173</u>	<u>\$381,914</u>	<u>\$364,140</u>	<u>\$1,519,727</u>	<u>\$846,067</u>	<u>\$67,643,538</u>

The accompanying notes are an integral part of this statement.

SEI INVESTMENTS CAPITAL ACCUMULATION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1998

	Stable Asset Fund	Core Fixed Income Fund	Large Cap Value Fund	Interna- tional Equity Fund	Small Cap Growth Fund	Large Cap Growth Fund	Diversified Moderate Growth Fund
EMPLOYEE CONTRIBUTIONS EMPLOYER	\$ 179,698	\$ 193,726	\$ 840,073	\$ 327,472	\$ 920,608	\$ 1,044,375	\$ 60,016
CONTRIBUTIONS	52,273	60,212	263,169	105,698	277,061	313,534	13,613
NET REALIZED/ UNREALIZED GAIN (LOSS)	--	3,761	635,770	513,438	531,873	5,868,339	3,634
DIVIDEND AND INTEREST INCOME	375,601	307,372	1,048,695	199,623	53,082	323,186	22,895
INTERFUND TRANSFERS - NET	2,054,483	393,820	(815,671)	(430,747)	(1,021,912)	(689,915)	207,210
DISTRIBUTIONS TO PARTICIPANTS	(1,808,877)	(413,768)	(1,465,691)	(567,397)	(1,317,298)	(1,801,590)	(2,709)
NET INCREASE/ (DECREASE)	853,178	545,123	506,345	148,087	(556,586)	5,057,929	304,659
NET ASSETS AVAILABLE FOR BENEFITS, JANUARY 1, 1998	5,608,408	3,473,395	15,880,162	3,616,558	12,104,270	17,072,020	143,598
NET ASSETS AVAILABLE FOR BENEFITS, DECEMBER 31, 1998	\$ 6,461,586	\$4,018,518	\$16,386,507	\$3,764,645	\$11,547,684	\$22,129,949	\$448,257
	Diversified Global Growth Fund	Diversified Global Stock Fund	Diversified Conservative Fund	Emerging Markets Equity Fund	SEI Investments Company Common Stock Fund	Participant Loans	Total
EMPLOYEE CONTRIBUTIONS EMPLOYER	\$ 363,423	\$ 620,883	\$ 25,404	\$ 84,978	\$ 317,718	\$ --	\$ 4,978,374
CONTRIBUTIONS	100,426	178,666	7,199	25,330	71,655	--	1,468,836
NET REALIZED/ UNREALIZED GAIN (LOSS)	148,213	221,500	43,182	(104,285)	3,612,835	--	11,478,260
DIVIDEND AND INTEREST INCOME	148,697	284,890	30,923	1,011	5,338	--	2,801,313
INTERFUND TRANSFERS - NET	(311,212)	(512,817)	46,085	(36,184)	938,728	178,132	--
DISTRIBUTIONS TO PARTICIPANTS	(191,110)	(150,154)	(1,764)	(45,742)	(649,826)	(82,284)	(8,498,210)
NET INCREASE/ (DECREASE)	258,437	642,968	151,029	(74,892)	4,296,448	95,848	12,228,573
NET ASSETS AVAILABLE FOR BENEFITS, JANUARY 1, 1998	2,346,106	4,287,173	381,914	364,140	1,519,727	846,067	67,643,538
NET ASSETS AVAILABLE FOR BENEFITS, DECEMBER 31, 1998	\$2,604,543	\$4,930,141	\$532,943	\$289,248	\$5,816,175	\$941,915	\$79,872,111

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS  
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DECEMBER 31, 1998  
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1. PLAN DESCRIPTION:  
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The following description of the SEI Investments Capital Accumulation Plan (the "Plan"), formerly SEI Corporation Capital Accumulation Plan, provides only general information. The Plan, a contributory defined contribution plan, was established effective January 1983 by the Board of Directors of the Company. Participants should refer to the Plan document for a more complete description of the Plan's provisions. The Plan's sponsor is SEI Investments Company ("SEI" or the "Company").

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan provides retirement benefits, including provisions for early retirement and disability benefits, as well as a tax-deferred savings feature. An employee may enroll in the Plan on the first day of the payroll period in the month following their date of employment. A participant may make tax-deferred contributions to the Plan up to the lesser of 15% of compensation or \$10,000 for the calendar year 1998, which are deposited into a "deferral account."

All Company contributions are discretionary and will be made out of available profits. The Company's matching contribution may not exceed 4% of the participant's annual compensation or \$3,840, whichever is lower, and will be credited to the participant's matching contribution account. In addition, the Company may make a contribution to all participants which will be allocated among eligible participants in the same proportion that each participant's compensation bears to the aggregate compensation of all participants. These contributions will be credited to the participant's profit-sharing account.

Participants are eligible to receive Company contributions at the point when the participant is eligible to contribute to the Plan. The Company's matching contributions to the Plan were \$1,468,836 and \$1,455,603 for 1998 and 1997, respectively. The Company made no other discretionary contributions during 1998 and 1997.

As of December 31, 1998, contributions may be invested in the following investment options: a Stable Asset Fund, a Core Fixed Income Fund, a Large Cap Value Fund, an International Equity Fund, a Small Cap Growth Fund, a Large Cap Growth Fund, a Diversified Moderate Growth Fund, a Diversified Global Growth Fund, a Diversified Global Stock Fund, a Diversified Conservative Fund, an Emerging Markets Equity Fund and an SEI Investments Company Common Stock Fund. All funds in the Plan are sponsored by the Company.

A description of each investment option is provided below:

Stable Asset Fund--This fund is designed to maintain the value of the money contributed to the Plan and earn interest. The fund invests mostly in Guaranteed Investment Contracts purchased from insurance companies and other financial institutions which are either highly rated (AAA or AA) or guaranteed by the U.S. Government or its agencies. This fund's contract value approximates fair value.

Core Fixed Income Fund--This fund invests in governmental and corporate bonds and is structured to earn income without significant price improvement.

Large Cap Value Fund--This fund is structured to invest in equity securities of large companies. This fund invests in the stocks of companies whose prices appear low relative to certain fundamental characteristics such as earnings, book value, or return on equity. The value of the fund will rise and fall based on these companies' performance.

International Equity Fund--This fund purchases equity securities in companies outside of the United States. A majority of these investments are made in European and Asian companies that have a long-term potential for growth.

Small Cap Growth Fund--This fund invests in equity securities of small companies. The object of this fund is to allow the investment to grow as the companies grow.

Large Cap Growth Fund--This fund invests in equity securities of large companies. The object of this fund is to allow the investment to grow as the companies grow.

Diversified Moderate Growth Fund--This fund seeks to provide long-term capital appreciation with a limited level of current income through investments in equity and fixed-income funds, including non-U.S. Equity funds.

Diversified Global Growth Fund--This fund invests primarily in other equity funds. The object of this fund is to provide long-term capital appreciation through participation in both U.S. and international equity markets.

Diversified Global Stock Fund--This fund's object is to provide long-term capital appreciation through participation in the global equity markets. The fund achieves this goal primarily through investment in both U.S. and non-U.S. equities.

Diversified Conservative Fund--This fund invests primarily in money market and fixed income funds to provide current income with the opportunity for capital appreciation.

Emerging Markets Equity Fund--This fund seeks to provide capital appreciation by investing primarily in a diversified portfolio of equity securities of emerging market issuers.

SEI Investments Company Common Stock Fund--This fund seeks long-term growth by investing in shares of the Company's Common Stock.

Participants are immediately vested in their voluntary contributions to the Plan. Participants obtain a non-forfeitable right of ownership in all employer contributions credited to their accounts at the time of contribution.

Amounts in participants' accounts will be distributed in the form of an annuity, lump sum amount, or a combination thereof to participants or their beneficiaries upon termination of employment, retirement, death, or total disability. Employee contributions in a participant's deferral account may be withdrawn during employment after the employee reaches age 59 1/2 or upon showing immediate and substantial financial hardship.

Under the tax-deferral feature, after two years of participation in the Plan, a participant is eligible for a loan amount not to exceed the lesser of \$50,000 or 50% of his salary deferred account balance; the minimum loan amount is \$1,000. The loans are made at a rate equivalent to those being charged on similar commercial loans with terms from one year to five years, except for loans for the purchase of a primary residence, which can have terms of up to 10 years. Participants may only borrow against their accounts if they have been making tax-deferred contributions for at least 24 months. Participants may no longer make post-tax contributions into the Plan, however, they may withdrawal previously contributed post-tax amounts at any time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting.

Income Taxes

The Plan is qualified pursuant to Section 401(a) of the Internal Revenue Code (the "Code") and accordingly the trust is exempt from income taxation under the provisions of Section 501(a) of the Code. The Plan has a favorable determination letter from the IRS. This signifies that the Plan meets the Code requirements for design. Management believes the Plan is designed and operating in compliance with the Code and accordingly, there is no provision for income taxes in the accompanying financial statements.

Valuation of Investments

The Plan's investments are stated at market value in the accompanying financial statements.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan's management to make estimates and assumptions that affect the reported amounts of the net assets available for benefits and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

3. INVESTMENTS:

In December 1997, the Company filed a registration statement on Form S-8 with the Securities and Exchange Commission to register 1,000,000 shares of the Company's Common stock to be offered or sold as an investment option of the Plan. Additionally, during 1997, the Plan opened the Emerging Markets Equity Fund to participant investment.

The fair market values of individual assets that represent 5% or more of the Plan's net assets available for benefits as of December 31, 1998 and 1997 are as follows:

1998:

Stable Asset Fund	\$ 6,413,190
Core Fixed Income Fund	3,990,661
Large Cap Value Fund	16,346,608
International Equity Fund	3,755,479
Small Cap Growth Fund	11,519,567
Large Cap Growth Fund	22,076,065
Diversified Global Stock Fund	4,918,137
SEI Investments Company Common Stock Fund	5,802,238

1997:

Stable Asset Fund	\$ 5,564,378
Core Fixed Income Fund	3,447,108
Large Cap Value Fund	15,840,422
International Equity Fund	3,607,507
Small Cap Growth Fund	12,073,979
Large Cap Growth Fund	17,029,296
Diversified Global Stock Fund	4,276,445

4. PLAN EXPENSES:

All normal administrative costs of the Plan are paid by the Company.

5. PLAN TERMINATION:

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 Although it has no expressed intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

In the event of whole or partial termination of the Plan, or complete discontinuance of employer contributions, each participant shall receive a total distribution of their account.

6. DISTRIBUTIONS TO PARTICIPANTS:

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 Distributions to terminated participants are generally made in the year following termination. Distributions payable to participants at December 31, 1998 and 1997 amounted to \$257,586 and \$373,661, respectively.

7. RECONCILIATION TO FORM 5500:

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 Distributions payable to participants are recorded as a liability in the Plan's Form 5500 and not recorded as a liability in the accompanying statements of net assets available for benefits in accordance with generally accepted accounting principles.

The following table reconciles net assets available for benefits per the financial statements to the Form 5500 as filed by the Company.

	1998 Accrued Distributions	1998 Benefits Paid	Net Assets Available for Benefits December 31	
			1998	1997
Per financial statements	\$ --	\$8,498,210	\$79,872,111	\$67,643,538
Accrued distributions	257,586	257,586	(257,586)	(373,661)
Reversal of 1997 accrual for distributions	--	(373,661)	--	--
Per Form 5500	=====	=====	=====	=====

SCHEDULE I  
EIN #23-1707341  
PIN #002

SEI INVESTMENTS CAPITAL ACCUMULATION PLAN  
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ITEM 27(a)--SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES  
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DECEMBER 31, 1998  
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Number of Shares	Description	Cost	Current Value
6,413,190	SEI* Stable Asset Fund	\$ 6,413,190	\$ 6,413,190
377,189	SEI* Institutional Managed Trust--Core Fixed Income Fund	3,956,825	3,990,661
858,090	SEI* Institutional Managed Trust--Large Cap Value Fund	13,390,085	16,346,608
356,646	SEI* Institutional International Trust--International Equity Fund	3,642,078	3,755,479
659,014	SEI* Institutional Managed Trust--Small Cap Growth Fund	10,880,414	11,519,567
822,813	SEI* Institutional Managed Trust--Large Cap Growth Fund	14,372,506	22,076,065
36,804	SEI* Asset Allocation Trust--Diversified Moderate Growth Fund	443,250	447,166
197,732	SEI* Asset Allocation Trust--Diversified Global Growth Fund	2,363,042	2,598,201
388,786	SEI* Asset Allocation Trust--Diversified Global Stock Fund	4,266,832	4,918,137
45,713	SEI* Asset Allocation Trust--Diversified Conservative Fund	478,703	531,645
40,928	SEI* Institutional International Trust--Emerging Markets Equity Fund	321,518	288,544
57,261	SEI* Investments Company Common Stock Fund	3,521,668	5,802,238
N/A	Participant Loans (Interest rates range from 7.9% - 11.5%)	941,915	941,915
	Total	\$64,992,026 =====	\$79,629,416 =====

\* Represents a party-in-interest.

SEI INVESTMENTS CAPITAL ACCUMULATION PLAN  
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ITEM 27(d)--SCHEDULE OF REPORTABLE TRANSACTIONS  
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FOR THE YEAR ENDED DECEMBER 31, 1998  
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Description of Assets or Security	Number of Purchases	Number of Sales	Purchase Price	Sale Proceeds	Cost Basis	Gain (Loss) on Sale
Series						
SEI* Stable Asset Fund	121	106	\$11,451,123	\$9,263,575	\$9,263,575	\$ --
SEI* Institutional Managed Trust--Large Cap Value Fund	89	112	2,794,781	1,931,587	1,884,871	46,716
SEI* Institutional Managed Trust--Small Cap Growth Fund	81	140	1,673,056	2,061,349	2,152,608	(91,259)
SEI* Institutional Managed Trust--Large Cap Growth Fund	122	127	3,313,455	3,058,544	2,711,967	346,577
SEI* Institutional International Trust--International Equity Fund	77	113	7,088,774	7,096,173	6,703,167	393,006

The purchase prices and selling prices of the above transactions represent the current value of the assets on the transaction date.

\* Represents a party-in-interest.