

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)\*

Quarterly report pursuant to Section 13 or 15(d) of the Securities

Exchange Act of 1934 for the quarterly period ended JUNE 30, 1995 or

Transition report pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

0-10200

(Commission File Number)

SEI CORPORATION

(Exact name of registrant as specified in its charter)

PENNSYLVANIA

23-1707341

(State or other jurisdiction of  
incorporation or organization)

(IRS Employer  
Identification Number)

680 EAST SWEDSFORD ROAD, WAYNE, PENNSYLVANIA 19087-1658

(Address of principal executive offices)  
(Zip Code)

(610) 254-1000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last  
report)

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  No

\*APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE  
PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and  
reports required to be filed by Sections 12, 13, or 15(d) of the Securities  
Exchange Act of 1934 subsequent to the distribution of securities under a plan  
confirmed by a court. Yes  No

\*APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of  
common stock, as of June 30, 1995: 18,845,028 shares of common stock, par value  
\$.01 per share.

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEETS

(In thousands)

	June 30, 1995 ----- (unaudited)	December 31, 1994 -----
Assets -----		
Current assets:		
Cash and cash equivalents	\$ 9,426	\$20,232
Receivables, net	22,705	17,268
Receivables from regulated investment companies	7,221	6,286
Deferred income taxes	868	2,157
Prepaid expenses and other current assets	2,409	2,351
	-----	-----
Total current assets	42,629	48,294
	-----	-----
Property and equipment, net	27,464	28,217
	-----	-----
Net assets of discontinued operations	6,285	9,101
	-----	-----
Other assets:		
Investments available for sale	5,555	--
Customer lists, net	178	244
Deferred income taxes	1,043	--
Other assets, net	6,060	5,292
	-----	-----
Total other assets, net	12,836	5,536
	-----	-----
Total Assets	\$89,214	\$91,148
	=====	=====

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS  
 -----  
 (In thousands, except par value)

	June 30, 1995	December 31, 1994
	(unaudited)	
<b>Liabilities and Shareholders' Equity</b>		
-----		
Current liabilities:		
Accounts payable	\$ 4,963	\$ 4,431
Accrued compensation	8,417	14,121
Other accrued liabilities	14,496	16,206
Deferred revenue	3,866	4,267
	-----	-----
Total current liabilities	31,742	39,025
	-----	-----
Deferred income taxes	--	814
	-----	-----
Shareholders' equity:		
Common stock, \$.01 par value, 100,000 shares authorized; 18,845 and 18,781 shares issued and outstanding	188	188
Capital in excess of par value	51,649	47,406
Retained earnings	5,449	3,823
Cumulative translation adjustments	(67)	(108)
Unrealized holding gain on investments	253	--
	-----	-----
Total shareholders' equity	57,472	51,309
	-----	-----
Total Liabilities and Shareholders' Equity	\$89,214	\$91,148
	=====	=====

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME  
 -----  
 (unaudited)  
 (In thousands, except per share data)

	Three Months	
	Ended June 30,	
	1995	1994
	----	----
Revenues	\$55,737	\$51,012
Expenses:		
Operating and development	29,267	27,723
Sales and marketing	14,726	11,507
General and administrative	4,424	4,268
	-----	-----
Income from continuing operations before interest and income taxes	7,320	7,514
Interest income, net	(220)	(58)
	-----	-----
Income from continuing operations before income taxes	7,540	7,572
Income taxes	3,016	2,951
	-----	-----
Income from continuing operations	4,524	4,621
Income (loss) from discontinued operations, net of income tax (benefit) expense of \$(603) and \$4	(904)	2
	-----	-----
Net income	\$ 3,620	\$ 4,623
	=====	=====
Earnings per share from continuing operations	\$ .23	\$ .23
Loss per share from discontinued operations	(.05)	--
	-----	-----
Earnings per common and common equivalent share (primary and fully diluted)	\$ .18	\$ .23
	=====	=====

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME  
 -----  
 (unaudited)  
 (In thousands, except per share data)

	Six Months	
	Ended June 30,	
	1995	1994
	-----	-----
Revenues	\$109,236	\$99,486
Expenses:		
Operating and development	55,930	55,474
Sales and marketing	27,678	22,396
General and administrative	8,602	8,437
	-----	-----
Income from continuing operations before interest and income taxes	17,026	13,179
Interest income, net	(382)	(129)
	-----	-----
Income from continuing operations before income taxes	17,408	13,308
Income taxes	6,963	5,131
	-----	-----
Income from continuing operations	10,445	8,177
Income (loss) from discontinued operations, net of income tax (benefit) expense of \$(1,295) and \$619	(1,942)	817
	-----	-----
Net income	\$ 8,503	\$ 8,994
	=====	=====
Earnings per share from continuing operations	\$ .53	\$ .40
Earnings (loss) per share from discontinued operations	(.10)	.04
	-----	-----
Earnings per common and common equivalent share (primary and fully diluted)	\$ .43	\$ .44
	=====	=====

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)  
(In thousands)

	Six Months	
	Ended June 30,	
	1995	1994
	----	----
Cash flows from operating activities:		
Net income	\$ 8,503	\$ 8,994
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,886	5,909
Provision for losses on receivables	--	369
Discontinued operations	2,816	(185)
Tax benefit on stock options exercised	1,150	2,743
Other	(1,658)	(1,538)
Change in current assets and liabilities:		
Decrease (increase) in		
Receivables, net	(5,437)	(4,661)
Receivables from regulated investment companies	(935)	(185)
Prepaid expenses and other current assets	(58)	99
Increase (decrease) in		
Accounts payable	532	461
Accrued compensation	(5,704)	(5,057)
Other accrued liabilities	(207)	988
Deferred revenue	(401)	481
Net cash provided by operating activities	4,487	8,418
	-----	-----
Cash flows from investing activities:		
Purchase of investments available for sale	(5,132)	--
Additions to property and equipment, including capitalized software	(5,074)	(4,216)
Other	200	100
Net cash used in investing activities	(10,006)	(4,116)
	-----	-----
Cash flows from financing activities:		
Purchase and retirement of common stock	(5,781)	(21,698)
Proceeds from issuance of common stock	3,890	4,851
Payment of dividends	(3,396)	(2,650)
Net cash used in financing activities	(5,287)	(19,497)
	-----	-----
Net decrease in cash and cash equivalents	(10,806)	(15,195)
Cash and cash equivalents, beginning of period	20,232	17,898
	-----	-----
Cash and cash equivalents, end of period	\$ 9,426	\$ 2,703
	=====	=====

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary Financial Information and Results of Operations - In the

opinion of the Company, the accompanying unaudited Consolidated Financial Statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position as of June 30, 1995, the results of operations for the three and six months ended June 30, 1995 and 1994, and the cash flows for the six months ended June 30, 1995 and 1994.

Interim Financial Information

While the Company believes that the disclosures presented are adequate to make the information not misleading, these Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the notes included in the Company's latest annual report on Form 10-K.

Property and Equipment

Property and equipment on the accompanying Consolidated Balance Sheets consist of the following:

	June 30, 1995	December 31, 1994	Estimated Useful Lives (In Years)
	-----	-----	-----
Equipment	\$44,364,000	\$43,164,000	3
Buildings, furniture and fixtures	16,869,000	16,704,000	3 to 39
Leasehold improvements	9,666,000	9,275,000	Lease Term
Purchased software	6,914,000	6,810,000	3
Capitalized software	5,979,000	5,103,000	3
Information database	360,000	360,000	10
Land	4,065,000	4,065,000	N/A
Construction in progress	2,250,000	1,148,000	N/A
	-----	-----	
	90,467,000	86,629,000	
Less: Accumulated depreciation and amortization	(63,003,000)	(58,412,000)	
	-----	-----	
	\$27,464,000	\$28,217,000	
	=====	=====	

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful life of each asset. Expenditures for renewals and betterments are capitalized, while maintenance and repairs are charged to expense when incurred.

Statements of Cash Flows

For purposes of the Consolidated Statements of Cash Flows, the Company considers investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Supplemental disclosures of cash received/paid during the six months ended June 30:

	1995	1994
	----	----
Interest received	\$337,000	\$167,000
Income taxes paid (Federal and state)	\$7,893,000	\$5,900,000

Interest paid during the six months ended June 30, 1995 and 1994 was immaterial.

Reclassifications

Prior period financial statements have been reclassified to conform with the current quarter's presentation.

Note 2. Discontinued Operations - In May 1995, the Company's Board of

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 Directors approved a formal plan of disposal for the SEI Capital Resources Division ("CR") and the SEI Defined Contribution Retirement Services Division ("DC"). CR provides investment performance evaluation services, consulting services, and brokerage services to plan sponsors and investment advisors. DC provides administrative and processing services, recordkeeping and payment software, and employee retirement planning materials for use by defined contribution plans. The Company anticipates that these disposals will be completed by December 31, 1995. For CR, the expected manner of disposal is the sale of its assets. For DC, its full-service recordkeeping operations will be assumed by KPMG Peat Marwick ("KPMG"). Under the terms of the agreement, SEI's DC operations will be merged into KPMG's existing operations.

CR and DC are being accounted for as discontinued operations with a measurement date of May 31, 1995. The Consolidated Financial Statements reflect the operating results and balance sheet items of the discontinued operations separately from continuing operations. The Company expects that the sale of CR will result in a gain on the disposal of CR's assets which will be sufficient to offset the losses of DC from the measurement date to the disposal date and the loss on the disposal of DC. As a result, no estimated losses for DC have been accrued and the net gain will be recognized when realized. The net income or net loss from discontinued operations from the measurement date to the disposal date will be recorded as an adjustment to the net assets or net liabilities of the discontinued operations on the accompanying Consolidated Balance Sheets. Prior periods have been restated.

Operating results for the discontinued operations were:

	Two Months ----- Ended May 31, ----- 1995 ----	Three Months ----- Ended June 30, ----- 1994 ----	Five Months ----- Ended May 31, ----- 1995 ----	Six Months ----- Ended June 30, ----- 1994 ----
Operating revenues	\$ 6,445,000 =====	\$13,664,000 =====	\$17,674,000 =====	\$28,883,000 =====
Income (loss) from operations before income taxes	\$(1,507,000)	\$ 6,000	\$(3,237,000)	\$ 1,436,000
Income tax benefit (expense)	603,000	(4,000)	1,295,000	(619,000)
Income (loss) from operations	\$ (904,000) =====	\$ 2,000 =====	\$(1,942,000) =====	\$ 817,000 =====

The assets and liabilities of CR and DC have been reclassified on the Consolidated Balance Sheets to separately identify them as net assets or net liabilities of discontinued operations. A summary of these net assets is as follows:

	June 30, 1995 -----	December 31, 1994 -----
Current assets	\$10,292,000	\$10,843,000
Property and equipment, net	1,800,000	2,279,000
Other assets	6,366,000	7,158,000
Current liabilities	(12,786,000)	(10,633,000)
Other long-term liabilities	(138,000)	(546,000)
Loss from discontinued operations for the period June 1, 1995 to June 30, 1995, net of income tax benefit of \$281	751,000 -----	-- -----
Net assets	\$ 6,285,000 =====	\$ 9,101,000 =====



Note 3. Investments Available for Sale - The Company accounts for investments  
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 pursuant to Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). SFAS 115 requires that debt and equity securities classified as available for sale be reported at market value. Prior to January 1, 1995, the Company had no material investments which would have been accounted for pursuant to SFAS 115. Unrealized holding gains and losses on these securities are reported as a separate component of Shareholders' equity. Investments available for sale consists of mutual funds sponsored by the Company which are primarily invested in equity securities.

At June 30, 1995, Investments available for sale had a cost of \$5,132,000 and a market value of \$5,555,000. At that date, \$423,000 of net unrealized gains on securities were included in Investments available for sale. There were no unrealized losses as of June 30, 1995. The net change in unrealized gains on Investments available for sale was \$253,000 (net of income taxes) for the six months ended June 30, 1995, and is included as a separate component of Shareholders' equity on the accompanying Consolidated Balance Sheets.

Note 4. Earnings Per Share - The Company utilizes the modified treasury stock  
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 method to compute earnings per share since common share equivalents at the end of the period exceeded 20 percent of the number of common shares outstanding. Earnings per common and common equivalent share (primary earnings per share) is computed using the weighted average number of common shares and common share equivalents (stock options) outstanding. Earnings per share, assuming full dilution (fully diluted earnings per share), is based upon an increased number of shares that would be outstanding assuming exercise of stock options when the Company's stock price at the end of the period is higher than the average price within the respective period. If the inclusion of common stock equivalents has an anti-dilutive effect in the aggregate, it is excluded from the earnings per share calculation. For the three months ended June 30, 1995 and 1994, the weighted average shares outstanding for primary earnings per share were 19,668,000 and 20,100,000, respectively. For the six months ended June 30, 1995 and 1994, the weighted average shares outstanding for primary earnings per share were 19,598,000 and 20,497,000, respectively. Fully diluted earnings per share were not materially different from the primary earnings per share indicated.

Note 5. Receivables - Receivables on the accompanying Consolidated Balance  
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 Sheets consist of the following:

	June 30, 1995 -----	December 31, 1994 -----
Trade receivables	\$14,591,000	\$11,282,000
Fees earned, not received	2,818,000	1,425,000
Fees earned, not billed	6,304,000	5,767,000
	-----	-----
	23,713,000	18,474,000
Less: Allowance for doubtful accounts	(1,008,000)	(1,206,000)
	-----	-----
	\$22,705,000	\$17,268,000
	=====	=====

Fees earned, not received represent brokerage commissions earned but not yet collected. Fees earned, not billed represent cash receivables earned but unbilled and result from timing differences between services provided and contractual billing schedules.

Receivables from regulated investment companies on the accompanying Consolidated Balance Sheets represent administration and distribution fees collected from the Company's wholly owned subsidiaries, SEI Financial Management Corporation and SEI Financial Services Company, for management and distribution services provided by these subsidiaries to various regulated investment companies.

Note 6. Debt - The Company has a line of credit agreement (the "Agreement")  
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with a bank which provides for borrowing of up to \$20,000,000. The Agreement ends on May 31, 1996, at which time the outstanding principal balance, if any, becomes payable unless the Agreement is extended. The Company is obligated to pay a commitment fee equal to one-eighth percent per annum on the average daily unused portion of the commitment. The Company had no outstanding debt as of June 30, 1995 and December 31, 1994.

Note 7. Common Stock Buyback - The Board of Directors has authorized the  
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purchase of the Company's common stock on the open market or through private transactions of up to an aggregate of \$175,729,000. The Company purchased 100,000 shares at a cost of \$1,987,000 during the second quarter of 1995, bringing the year-to-date total to 315,000 shares at a cost of \$5,781,000. Through June 30, 1995, a total of 12,135,000 shares at an aggregate cost of \$143,135,000 have been repurchased and retired.

The Company immediately retires its common stock when purchased. Upon retirement, the Company reduces Capital in excess of par value for the average capital per share outstanding and the remainder is charged against Retained earnings. If the Company reduces its Retained earnings to zero, any subsequent purchases of common stock will be charged entirely to Capital in excess of par value.

Note 8. Dividend - On May 16, 1995, the Board of Directors declared a cash  
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dividend of \$.10 per share on the Company's common stock, which was paid on June 29, 1995 to shareholders of record on June 8, 1995.

The Board of Directors has indicated its intention to pay future dividends on a semiannual basis.

Note 9. Subsequent Event - In July 1995, the Company purchased an additional  
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515,000 shares of common stock at a cost of \$11,540,000. The Company borrowed \$11,000,000 from the line of credit agreement to fund the purchase of these shares.

Note 10. Segment Information - The Company has redefined its two business  
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segments to reflect the Company's focus around two core product lines: Investment Technology and Services and Asset Management. Previously, the business segments were defined by markets, not products. The Investment Technology and Services segment consists of the Company's trust technology and proprietary mutual fund businesses. The Asset Management segment consists of the Company's liquidity management, asset management, and mutual fund businesses.

The following tables highlight certain financial information about each of the Company's segments for the three and six months ended June 30, 1995 and 1994. Prior-year business segment information has been restated to conform with current-year presentation.

SEI CORPORATION  
BUSINESS SEGMENTS  
(unaudited)

	Investment Technology and Services -----	Asset Management -----	General and Admin. -----	Consolidated -----
For the Three-Month Period Ended June 30, 1995				
Revenues	\$38,986,000 =====	\$16,751,000 =====		\$55,737,000 =====
Operating profit	\$10,510,000 =====	\$ 1,234,000 =====		\$11,744,000 =====
General and administrative expenses			\$4,424,000 =====	4,424,000
Interest income, net				(220,000) -----
Income from continuing operations before income taxes				\$ 7,540,000 =====
Depreciation and amortization	\$ 2,316,000 =====	\$ 557,000 =====	\$ 73,000 =====	\$ 2,946,000 =====
Capital expenditures including capitalized software	\$ 1,642,000 =====	\$ 311,000 =====	\$1,191,000 =====	\$ 3,144,000 =====
For the Three-Month Period Ended June 30, 1994				
Revenues	\$33,882,000 =====	\$17,130,000 =====		\$51,012,000 =====
Operating profit	\$ 9,279,000 =====	\$ 2,503,000 =====		\$11,782,000 =====
General and administrative expenses			\$4,268,000 =====	4,268,000
Interest income, net				(58,000) -----
Income from continuing operations before income taxes				\$ 7,572,000 =====
Depreciation and amortization	\$ 2,364,000 =====	\$ 499,000 =====	\$ 75,000 =====	\$ 2,938,000 =====
Capital expenditures including capitalized software	\$ 2,638,000 =====	\$ 107,000 =====	\$ 37,000 =====	\$ 2,782,000 =====

SEI CORPORATION  
BUSINESS SEGMENTS  
(unaudited)

	Investment Technology and Services -----	Asset Management -----	General and Admin. -----	Consolidated -----
For the Six-Month Period Ended June 30, 1995				
Revenues	\$75,528,000 =====	\$33,708,000 =====		\$109,236,000 =====
Operating profit	\$21,432,000 =====	\$ 4,196,000 =====		\$ 25,628,000 =====
General and administrative expenses			\$ 8,602,000 =====	8,602,000
Interest income, net				(382,000) -----
Income from continuing operations before income taxes				\$ 17,408,000 =====
Depreciation and amortization	\$ 4,602,000 =====	\$ 1,126,000 =====	\$ 158,000 =====	\$ 5,886,000 =====
Capital expenditures including capitalized software	\$ 2,901,000 =====	\$ 589,000 =====	\$ 1,584,000 =====	\$ 5,074,000 =====
For the Six-Month Period Ended June 30, 1994				
Revenues	\$65,985,000 =====	\$33,501,000 =====		\$99,486,000 =====
Operating profit	\$16,338,000 =====	\$ 5,278,000 =====		\$21,616,000 =====
General and administrative expenses			\$8,437,000 =====	8,437,000
Interest income, net				(129,000) -----
Income from continuing operations before income taxes				\$ 13,308,000 =====
Depreciation and amortization	\$ 4,709,000 =====	\$ 1,040,000 =====	\$ 160,000 =====	\$ 5,909,000 =====
Capital expenditures including capitalized software	\$ 3,749,000 =====	\$ 219,000 =====	\$ 248,000 =====	\$ 4,216,000 =====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
 -----  
 RESULTS OF OPERATIONS  
 -----

The Company operates primarily in two business segments: Investment Technology and Services and Asset Management. Financial information for each of these segments is reflected in Note 10 of the Notes to Consolidated Financial Statements.

RESULTS OF OPERATIONS  
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Second Quarter Ended June 30, 1995 Compared to Second Quarter Ended June 30, 1994

The Company's results of operations for the second quarter of 1995 included revenues from continuing operations of \$55,737,000, compared to \$51,012,000 for the same period of 1994, an increase of 9 percent from the prior year's corresponding quarter. Income from continuing operations for the second quarter of 1995 was \$4,524,000, compared to \$4,621,000 in the same period of 1994. Earnings per share from continuing operations for the three months ended June 30, 1995 and 1994 was \$.23. Earnings were flat from the prior-year period due to substantial investments the Company made in sales, marketing, and technology which offset additional operating profit from increased revenues. Total fund balances at June 30, 1995 were \$54.8 billion compared to \$41.1 billion at June 30, 1994, an increase of 33 percent. Included in these totals are proprietary fund balances of \$34.5 billion at June 30, 1995 and \$20.3 billion at June 30, 1994, an increase of 70 percent.

INVESTMENT TECHNOLOGY AND SERVICES - Revenues from Investment Technology and  
 -----

Services for the three months ended June 30, 1995 and 1994 were \$38,986,000 and \$33,882,000, respectively.

INVESTMENT TECHNOLOGY AND SERVICES REVENUES  
 -----

	2ND QTR 1995 ----	2ND QTR 1994 ----	DOLLAR CHANGE -----	PERCENT CHANGE -----
Trust systems and services	\$27,881,000	\$25,851,000	\$2,030,000	8%
Proprietary fund services	11,105,000	8,031,000	3,074,000	38%
	-----	-----	-----	
Total	\$38,986,000 =====	\$33,882,000 =====	\$5,104,000 =====	15%

The 15 percent increase in this segment's revenues was due to growth in both its trust technology and proprietary mutual fund businesses. Trust systems revenue increased 8 percent primarily from an increase in one-time implementation fees. Proprietary fund services revenue increased 38 percent from the prior-year period due to an increase in average proprietary fund balances over the past year. Average proprietary fund balances increased \$12.1 billion or 60 percent from \$20.2 billion during the second quarter of 1994 to \$32.3 billion during the second quarter of 1995. This increase in proprietary fund balances was the result of growth in existing fund complexes and the commencement of new fund complexes during the past year. Revenues should continue to expand for the remainder of 1995 due to continued growth in fund balances from bank proprietary funds. However, this increase may be partially offset by the loss of bank proprietary funds as a result of mergers among banks.

INVESTMENT TECHNOLOGY AND SERVICES EXPENSES  
 -----

	2ND QTR 1995 ----	2ND QTR 1994 ----	DOLLAR CHANGE -----	PERCENT CHANGE -----
Operating and development	\$20,520,000	\$19,090,000	\$1,430,000	7%
Sales and marketing	\$ 7,956,000	\$ 5,513,000	\$2,443,000	44%

The 7 percent increase in operating and development expense was primarily due to an increase in consulting expense. The 44 percent increase in sales and marketing expense was due primarily to an increase in personnel expense. Operating profit from Investment Technology and Services for the three months ended June 30, 1995 was \$10,510,000, an increase of 13 percent from the \$9,279,000 for the corresponding quarter of 1994. Operating margins were 27 percent for the three months ended June 30, 1995 and 1994. This segment should continue to expand revenues and operating profits for the remainder of 1995, despite significant investments in technology.

ASSET MANAGEMENT - Revenues from Asset Management for the three months ended June 30, 1995 and 1994 were \$16,751,000 and \$17,130,000, respectively.

ASSET MANAGEMENT REVENUES

	2ND QTR 1995	2ND QTR 1994	DOLLAR CHANGE	PERCENT CHANGE
Liquidity services	\$ 5,509,000	\$ 5,229,000	\$ 280,000	5%
Mutual fund services	4,628,000	4,848,000	(220,000)	(5%)
Asset management services	3,464,000	4,138,000	(674,000)	(16%)
Brokerage and consulting services	3,150,000	2,915,000	235,000	8%
Total	\$16,751,000	\$17,130,000	\$(379,000)	(2%)

The 2 percent decrease in this segment's revenues is primarily attributable to declining revenues in the asset management business due to a runoff from de-emphasized products. This decline more than offset growth in this segment's liquidity business. The 5 percent increase in liquidity services was a result of increased fees from the Company's new cash sweep product. The 16 percent decrease in asset management services is primarily a result of a decrease in fees from the International Equity Fund and from SEI's mutual fund asset allocation programs. These decreases were partially offset by an increase in fees from the Company's Customized Asset Management Services ("CAMS") product. Average fund balances in CAMS continued to increase from \$1.4 billion during the second quarter of 1994 to \$2.0 billion during the second quarter of 1995, an increase of 43 percent. The 5 percent decrease in mutual fund services revenue was due primarily to a decrease in fund balances of the Company's Family of Funds and a shift from higher-fee to lower-fee products within these funds.

ASSET MANAGEMENT EXPENSES

	2ND QTR 1995	2ND QTR 1994	DOLLAR CHANGE	PERCENT CHANGE
Operating and development	\$8,747,000	\$8,633,000	\$114,000	1%
Sales and marketing	\$6,770,000	\$5,994,000	\$776,000	13%

Operating and development expense remained relatively flat from the prior-year period despite an increase in consulting expense during the second quarter of 1995. The 13 percent increase in sales and marketing expense was due primarily to an increase in promotion and travel expenses. The Asset Management segment recorded an operating profit of \$1,234,000 for the three months ended June 30, 1995 compared to an operating profit of \$2,503,000 in the corresponding period of 1994. The decline in operating profit in this segment is primarily attributable to substantial investments the Company has made in its asset management business. The Asset Management segment is expected to show improved operating results by the end of 1995 as a result of growth in its core asset management business and continued growth in its liquidity business.

OTHER INCOME AND EXPENSES - General and administrative expenses for the three  
 - -----  
 months ended June 30, 1995 and 1994 were \$4,424,000 and \$4,268,000,  
 respectively. General and administrative expenses remained relatively flat from  
 the prior year.

Interest income for the three months ended June 30, 1995 and 1994 was \$220,000  
 and \$58,000, respectively. The increase in interest income is due primarily to  
 an increase in short-term interest rates and an increase in the average cash  
 balance invested during the second quarter of 1995 compared to the second  
 quarter of 1994.

Six Months Ended June 30, 1995 Compared to Six Months Ended June 30, 1994

The Company's results of operations for the six months ended June 30, 1995  
 included revenues from continuing operations of \$109,236,000, compared to  
 \$99,486,000 for the same period of 1994, an increase of 10 percent from the  
 prior period. Income from continuing operations for the first six months of 1995  
 was \$10,445,000 or \$.53 per share, compared to \$8,177,000 or \$.40 per share  
 reported in the same period of 1994. Earnings per share from continuing  
 operations increased 33 percent over the prior year's corresponding period.

INVESTMENT TECHNOLOGY AND SERVICES - Revenues from Investment Technology and  
 - -----

Services for the six months ended June 30, 1995 and 1994 were \$75,528,000 and  
 \$65,985,000, respectively.

INVESTMENT TECHNOLOGY AND SERVICES REVENUES  
 -----

	SIX MONTHS 1995 ----	SIX MONTHS 1994 ----	DOLLAR CHANGE -----	PERCENT CHANGE -----
Trust systems and services	\$54,879,000	\$49,614,000	\$5,265,000	11%
Proprietary fund services	20,649,000	16,371,000	4,278,000	26%
	-----	-----	-----	
Total	\$75,528,000 =====	\$65,985,000 =====	\$9,543,000 =====	14%

The 14 percent increase in this segment's revenues was due to growth in both its  
 trust technology and proprietary mutual fund businesses. Trust systems revenue  
 increased 11 percent primarily from an increase in one-time implementation fees  
 along with increased processing and custom programming fees from existing  
 clients. Proprietary fund services revenue increased 26 percent from a year ago  
 due to an increase in average proprietary fund balances over the past year.  
 Average proprietary fund balances increased \$11.5 billion or 61 percent from  
 \$18.7 billion during the first six months of 1994 to \$30.2 billion during the  
 first six months of 1995. This increase in proprietary fund balances was the  
 result of growth in existing fund complexes and the commencement of new fund  
 complexes during the past year.

INVESTMENT TECHNOLOGY AND SERVICES EXPENSES  
 -----

	SIX MONTHS 1995 ----	SIX MONTHS 1994 ----	DOLLAR CHANGE -----	PERCENT CHANGE -----
Operating and development	\$39,099,000	\$39,062,000	\$ 37,000	---
Sales and marketing	\$14,997,000	\$10,585,000	\$4,412,000	42%

Operating and development expense remained relatively flat as a substantial increase in consulting expense offset a decline in salary and benefits expense. The 42 percent increase in sales and marketing expense was due primarily to an increase in personnel expense. Operating profit from Investment Technology and Services for the six months ended June 30, 1995 was \$21,432,000, an increase of 31 percent from the \$16,338,000 for the corresponding period of 1994. Operating margins increased to 28 percent for the six months ended June 30, 1995 compared to 25 percent for the six months ended June 30, 1994.

ASSET MANAGEMENT - Revenues from Asset Management for the six months ended June 30, 1995 and 1994 were \$33,708,000 and \$33,501,000, respectively.

ASSET MANAGEMENT REVENUES

	SIX MONTHS 1995	SIX MONTHS 1994	DOLLAR CHANGE	PERCENT CHANGE
Liquidity services	\$10,995,000	\$10,717,000	\$278,000	3%
Mutual fund services	9,190,000	9,251,000	(61,000)	(1%)
Asset management services	7,681,000	7,801,000	(120,000)	(2%)
Brokerage and consulting services	5,842,000	5,732,000	110,000	2%
Total	\$33,708,000	\$33,501,000	\$207,000	1%

Revenues from this segment increased slightly as growth in this segment's liquidity business was partly offset by a decline in the asset management business. The 3 percent increase in liquidity services revenue was a result of increased fees from the Company's new cash sweep product. The 2 percent decrease in asset management services is primarily a result of a decrease in fees from the International Equity Fund and SEI's mutual fund asset allocation programs which offset continued revenue growth from the Company's CAMS product. Average fund balances in CAMS increased from \$1.3 billion during the first six months of 1994 to \$1.9 billion during the first six months of 1995, an increase of 46 percent. The decrease in mutual fund services revenue was due primarily to a decrease in fund balances of the Company's Family of Funds and a shift from higher-fee to lower-fee products within these funds.

ASSET MANAGEMENT EXPENSES

	SIX MONTHS 1995	SIX MONTHS 1994	DOLLAR CHANGE	PERCENT CHANGE
Operating and development	\$16,831,000	\$16,412,000	\$419,000	3%
Sales and marketing	\$12,681,000	\$11,811,000	\$870,000	7%

The 3 percent increase in operating and development expense is due primarily to an increase in consulting expense. The 7 percent increase in sales and marketing expense was due primarily to an increase in personnel and travel expenses. The Asset Management segment recorded an operating profit of \$4,196,000 for the six months ended June 30, 1995 compared to an operating profit of \$5,278,000 in the corresponding period of 1994. The decline in operating profit in this segment is primarily attributable to substantial investments the Company has made in its asset management business.



OTHER INCOME AND EXPENSES - General and administrative expenses for the six  
- -----  
months ended June 30, 1995 and 1994 were \$8,602,000 and \$8,437,000,  
respectively. General and administrative expenses remained relatively flat from  
the prior year.

Interest income for the six months ended June 30, 1995 and 1994 was \$382,000 and  
\$129,000, respectively. The increase in interest income is due primarily to an  
increase in short-term interest rates and an increase in the average cash  
balance invested during the first six months of 1995 compared to the first six  
months of 1994.

LIQUIDITY AND CAPITAL RESOURCES - The Company's ability to generate cash  
- -----  
adequate to meet its needs results primarily from cash flow from operations and  
its borrowing capacity. The Company has a line of credit agreement which  
provides for borrowings of up to \$20,000,000 (See Note 6 of the Notes to  
Consolidated Financial Statements). At June 30, 1995, the Company's unused  
sources of liquidity consisted primarily of cash and cash equivalents of  
\$4,426,000 and the entire line of credit of \$20,000,000. The availability of the  
line of credit is subject to the Company's compliance with certain covenants set  
forth in the agreement. The Company has an additional \$5,000,000 of cash and  
cash equivalents which is reserved for various investment opportunities. Cash  
flow generated from operations for the six months ended June 30, 1995 and 1994  
was \$4,487,000 and \$8,418,000, respectively. Since January 1994, the Company has  
purchased 1,595,000 shares at a cost of \$34.0 million, which includes 315,000  
shares at a cost of \$5.8 million purchased during the first six months of 1995.  
In July 1995, the Company purchased an additional 515,000 shares at a cost of  
\$11.5 million. The Company borrowed \$11,000,000 to fund this purchase of shares  
(See Note 9 of the Notes to Consolidated Financial Statements). Capital  
expenditures, including capitalized software development costs, for the six  
months ended June 30, 1995 and 1994 were \$5,074,000 and \$4,216,000,  
respectively. In 1994, the Company purchased 90 acres of land for \$4,065,000.  
The Company plans to construct a corporate campus on this site. Construction in  
progress related to this project was \$2,250,000 at June 30, 1995. This corporate  
campus is expected to be completed in 1996 at a total estimated cost of  
\$31 million, including related expenditures. The Company believes that excess  
cash provided by operations and anticipated long-term borrowing arrangements  
will provide adequate funds for all future costs relating to this campus.

The Company's operating cash flow, borrowing capacity, and liquidity should  
provide adequate funds for continuing operations, continued investment in new  
products and equipment, and its common stock repurchase program.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON REPORT 8-K

(a) The following is a list of exhibits filed as part of the Form 10-Q.

Exhibit 11. Earnings per share calculations.  
Exhibit 27. Financial Data Schedule.

(b) Reports on Form 8-K

There were no reports on Form 8-K filed for the three-month period ended June 30, 1995.

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.

SEI CORPORATION

Date August 11, 1995  
-----

By /s/ Cris Brookmyer  
-----  
Cris Brookmyer  
Vice President and Controller

## SEI CORPORATION AND SUBSIDIARIES

## EXHIBIT 11 - EARNINGS PER SHARE CALCULATION

FOR THE THREE-MONTH PERIODS ENDED JUNE 30,

	1995 -----	1994 -----
Earnings per common and common equivalent share (Primary EPS):		
Income from continuing operations	\$ 4,524,000 =====	\$ 4,621,000 =====
Net income	\$ 3,620,000 =====	\$ 4,623,000 =====
Weighted average number of shares issued and outstanding	18,879,000	18,872,000
Dilutive effect (excess of number of shares issuable over number of shares assumed to be repurchased with the proceeds, using the average market price during the period) of outstanding options	789,000 -----	1,228,000 -----
Adjusted weighted average number of shares outstanding	19,668,000 =====	20,100,000 =====
Earnings per common and common equivalent share from continuing operations	\$ .23 =====	\$ .23 =====
Earnings per common and common equivalent share	\$ .18 =====	\$ .23 =====

SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11 - EARNINGS PER SHARE CALCULATION

FOR THE THREE-MONTH PERIODS ENDED JUNE 30,

	1995 -----	1994 -----
Earnings per common and common equivalent share, assuming full dilution (Fully diluted EPS):		
Income from continuing operations	\$ 4,524,000 =====	\$ 4,621,000 =====
Net income	\$ 3,620,000 =====	\$ 4,623,000 =====
Weighted average number of shares issued and outstanding	18,879,000	18,872,000
Dilutive effect (excess of number of shares issuable over number of shares assumed to be repurchased with the proceeds, using the higher of the average market price or ending price during the period) of outstanding options	1,038,000 -----	1,228,000 -----
Adjusted weighted average number of shares outstanding, assuming full dilution	19,917,000 =====	20,100,000 =====
Earnings per common and common equivalent share from continuing operations, assuming full dilution	\$ .23 =====	\$ .23 =====
Earnings per common and common equivalent share, assuming full dilution	\$ .18 =====	\$ .23 =====

SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11 - EARNINGS PER SHARE CALCULATION

FOR THE SIX-MONTH PERIODS ENDED JUNE 30,

	1995 -----	1994 -----
Earnings per common and common equivalent share (Primary EPS):		
Income from continuing operations	\$10,445,000 =====	\$ 8,177,000 =====
Net income	\$ 8,503,000 =====	\$ 8,994,000 =====
Weighted average number of shares issued and outstanding	18,822,000	18,978,000
Dilutive effect (excess of number of shares issuable over number of shares assumed to be repurchased with the proceeds, using the average market price during the period) of outstanding options	776,000 -----	1,519,000 -----
Adjusted weighted average number of shares outstanding	19,598,000 =====	20,497,000 =====
Earnings per common and common equivalent share from continuing operations	\$ .53 =====	\$ .40 =====
Earnings per common and common equivalent share	\$ .43 =====	\$ .44 =====

SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11 - EARNINGS PER SHARE CALCULATION

FOR THE SIX-MONTH PERIODS ENDED JUNE 30,

	1995 -----	1994 -----
Earnings per common and common equivalent share, assuming full dilution (Fully diluted EPS):		
Income from continuing operations	\$10,445,000 =====	\$ 8,177,000 =====
Net income	\$ 8,503,000 =====	\$ 8,994,000 =====
Weighted average number of shares issued and outstanding	18,822,000	18,978,000
Dilutive effect (excess of number of shares issuable over number of shares assumed to be repurchased with the proceeds, using the higher of the average market price or ending price during the period) of outstanding options	1,087,000 -----	1,519,000 -----
Adjusted weighted average number of shares outstanding, assuming full dilution	19,909,000 =====	20,497,000 =====
Earnings per common and common equivalent share from continuing operations, assuming full dilution	\$ .52 =====	\$ .40 =====
Earnings per common and common equivalent share, assuming full dilution	\$ .43 =====	\$ .44 =====





THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF INCOME AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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	JAN-01-1995	
	JUN-30-1995	
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	5,555	
	22,705	
	(1,008)	
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	(63,003)	
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31,742		0
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0		0
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89,214		0
	109,236	0
	83,608	
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	0	
	17,408	
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10,445		
	(1,942)	
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		0
	8,503	
	.43	
	.43	