SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)*

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 1996 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 Swedesford 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 X 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 September 30, 1996: 18,362,776 shares of common stock, par value $.01 per share.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets
(In thousands)

	September 30, 1996 (unaudited)	December 31, 1995
Assets		
Current assets:		
Cash and cash equivalents	$ 14,592	$ 10,256
Receivables, net of allowance for doubtful accounts of $1,350 and $1,206	23,324	22,436
Receivables from regulated investment companies	9,243	8,757
Deferred income taxes	1,176	2,584
Loans receivable available for sale	9,909	5,152
Prepaid expenses	4,973	4,890
Total current assets	63,217	54,075
Net assets of discontinued operations	10,024	6,046
Investments available for sale	--	6,205
Property and equipment, net of accumulated depreciation and amortization of $62,228 and $61,513	37,788	24,299
Capitalized software, net of accumulated amortization of $4,826 and $3,746	10,411	4,356
Other assets, net	10,630	6,366
Total Assets	$132,070	$101,347

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets

(In thousands, except par value)

	September 30, 1996 (unaudited)	December 31, 1995
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term borrowings	$19,000	$ --
Accounts payable	5,768	6,252
Accrued compensation	10,535	13,724
Other accrued liabilities	23,053	19,115
Deferred revenue	4,975	5,795
Total current liabilities	63,331	44,886
Deferred income taxes	2,054	459
Shareholders' equity:		
Common stock, $.01 par value, 100,000 shares authorized; 18,363 and 18,425 shares issued and outstanding	184	184
Capital in excess of par value	53,373	48,207
Retained earnings	13,261	7,167
Cumulative translation adjustments	(133)	(58)
Unrealized holding gain on investments	--	502
Total shareholders' equity	66,685	56,002
Total Liabilities and Shareholders' Equity	$132,070	$101,347

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

(unaudited)
(In thousands, except per share data)

	Three Months Ended September 30, 1996	Three Months Ended September 30, 1995
Revenues	$60,165	$56,478
Expenses:		
Operating and development	30,320	28,824
Sales and marketing	16,952	14,736
General and administrative	3,918	4,298
Income before interest and income taxes	8,975	8,620
Interest income, net	(415)	(54)
Income before income taxes	9,390	8,674
Income taxes	3,484	3,731
Net income	$ 5,906	$ 4,943
Earnings per common and common equivalent share (primary and fully diluted)	$ .31	$ .26

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

(unaudited)
(In thousands, except per share data)

	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
Revenues	$184,945	$165,714
Expenses:		
Operating and development	98,541	84,754
Sales and marketing	50,823	42,414
General and administrative	10,050	12,900
Income from continuing operations before interest and income taxes	25,531	25,646
Gain on sale of investments available for sale	(1,097)	--
Interest income, net	(572)	(436)
Income from continuing operations before income taxes	27,200	26,082
Income taxes	10,608	10,694
Income from continuing operations	16,592	15,388
Loss from discontinued operations, net of income tax benefit of $1,295	--	(1,942)
Net income	$ 16,592	$ 13,446
Earnings per share from continuing operations	$ .86	$ .79
Loss per share from discontinued operations	--	(.10)
Earnings per common and common equivalent share (primary and fully diluted)	$ .86	$ .69

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

(unaudited)
(In thousands)

	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1995
Cash flows from operating activities:		
Net income	$16,592	$13,446
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,700	9,131
Discontinued operations	(3,978)	1,384
Tax benefit on stock options exercised	2,034	1,473
Gain on sale of investments available for sale	(1,097)	--
Deferred income taxes	3,345	(284)
Other	242	(1,256)
Change in current assets and liabilities:		
Decrease (increase) in		
Receivables	(888)	(6,775)
Receivables from regulated investment companies	(486)	(1,541)
Loans receivable available for sale	(4,757)	(933)
Prepaid expenses	(83)	(744)
Increase (decrease) in		
Accounts payable	(484)	1,697
Accrued compensation	(3,189)	(3,936)
Other accrued liabilities	5,780	1,831
Deferred revenue	(820)	(895)
Net cash provided by operating activities	19,911	12,598
Cash flows from investing activities:		
Additions to property and equipment	(19,911)	(6,554)
Additions to capitalized software	(7,135)	(1,853)
Deposit on property and equipment	(2,138)	--
Investment in joint venture	(1,658)	--
Investment in regulated investment companies	(1,461)	(100)
Proceeds from sale of investments available for sale	6,536	--
Purchase of investments available for sale	--	(5,156)
Other	400	200
Net cash used in investing activities	(25,367)	(13,463)
Cash flows from financing activities:		
Purchase and retirement of common stock	(9,635)	(18,378)
Proceeds from issuance of common stock	4,517	4,885
Proceeds from short-term borrowings	19,000	11,000
Payment of dividends	(4,090)	(3,396)
Other	--	667
Net cash provided by (used in) financing activities	9,792	(5,222)
Net increase (decrease) in cash and cash equivalents	4,336	(6,087)
Cash and cash equivalents, beginning of period	10,256	20,232
Cash and cash equivalents, end of period	$14,592	$14,145

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Operations

SEI Corporation (the "Company") is organized around its two major product lines: Investment Technology and Services and Asset Management. The Investment Technology and Services segment provides trust accounting and management information services through the Company's 3000 product line, administration and distribution services to proprietary mutual funds, and back office trust processing. Principal markets for these products and services include trust departments of large banks located in the United States. The Asset Management segment provides investment solutions through various investment products including the Company's Family of Funds, liquidity funds and services, and consulting services. Principal markets for these products and services include trust departments of large banks, investment advisors, corporations, and money managers located in the United States and Canada.

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 September 30, 1996, the results of operations for the three and nine months ended September 30, 1996 and 1995, and the cash flows for the nine months ended September 30, 1996 and 1995.

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:

	September 30, 1996	December 31, 1995	Estimated Useful Lives (In Years)
Equipment	$41,460,000	$43,469,000	3
Buildings, furniture and fixtures	16,221,000	16,754,000	3 to 39
Leasehold improvements	9,968,000	9,814,000	Lease Term
Purchased software	8,560,000	7,220,000	3
Land	4,065,000	4,065,000	N/A
Construction in progress	19,742,000	4,490,000	N/A
	100,016,000	85,812,000	
Less: Accumulated depreciation and amortization	(62,228,000)	(61,513,000)	
Property and equipment, net	$37,788,000	$24,299,000	

Property and equipment are stated at cost, which includes interest on funds borrowed to finance the construction of major acquisitions or additions. 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.

In December 1994, the Company purchased 90 acres of land near its present site for construction of the Company's new corporate campus. All costs, including capitalized interest of $492,000, relating to the construction are reflected in Construction in progress. This corporate campus is expected to be completed in late 1996.

Capitalized Software

The Company accounts for software development costs in accordance with Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed" ("SFAS 86"). Under SFAS 86, costs incurred to create a computer software product are charged to research and development expense as incurred until technological feasibility has been established. The Company establishes technological feasibility upon completion of a detail program design. At that point, computer software costs are capitalized until the product is available for general release to customers. The establishment of technological feasibility and the ongoing assessment of recoverability of capitalized software development costs require considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future revenues, estimated economic life, and changes in technology. Amortization begins when the development is completed. Capitalized software development costs are amortized on a product-by-product basis using the straight-line method over the estimated economic life of the product or enhancement, which is primarily three years.

Earnings per Share

The Company utilizes the modified treasury stock 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 September 30, 1996 and 1995, the weighted average shares outstanding for primary earnings per share were 19,113,000 and 19,344,000, respectively. For the nine months ending September 30, 1996 and 1995, the weighted average shares outstanding for primary earnings per share were 19,375,000 and 19,529,000, respectively. Shares used to calculate fully diluted earnings per share were not materially different from those used for primary earnings per share.

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 paid/received during the nine months ended September 30:

	1996	1995
Interest paid	$ 441,000	$ --
Interest and dividends received	$ 610,000	$ 580,000
Income taxes paid	$5,156,000	$10,010,000

Stock-Based Compensation Plans

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). The disclosure requirements of SFAS 123 are effective for the Company's December 31, 1996 year-end financial statements. However, these disclosures will include the effects of all awards granted during the year ended December 31, 1995. SFAS 123 establishes a fair value based method of accounting for stock-based compensation plans. SFAS 123 requires that an employer's financial statements include certain disclosures about stock-based employee compensation arrangements regardless of the method used to account for the plan. The required information, if the Company chooses to continue to apply certain allowable accounting principles, will not affect any adjustments to reported net income or earnings per share.

Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Discontinued Operations - In May 1995, the Company's Board of Directors approved a 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 employee benefit plan sponsors and investment advisors in the United States. DC provided administrative and processing services, recordkeeping services, and employee retirement planning materials for use by defined contribution plans. The Company completed the transfer of DC's full service recordkeeping operations to KPMG Peat Marwick during the first quarter of 1996. For CR, the expected manner of disposal is the sale of substantially all of the assets, although the Company has not entered into any definitive agreements of sale.

CR and DC are being accounted for together as discontinued operations with a measurement date of May 31, 1995. The accompanying Consolidated Financial Statements reflect the operating results and balance sheet items of the discontinued operations separately from continuing operations. The Company expects that the purchase price of CR may not be sufficient to avoid a loss in discontinued operations, which could be material, during the period the sale is completed.

Loss from discontinued operations on the accompanying Consolidated Statements of Income was:

	Five Months Ended May 31, 1995
Revenues	$17,674,000
Loss before income tax benefit	$(3,237,000)
Income tax benefit	1,295,000
Loss	$(1,942,000)

The assets and liabilities of CR and DC have been reclassified on the accompanying 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:

	September 30, 1996	December 31, 1995
Current assets	$ 4,647,000	$7,709,000
Property and equipment, net	773,000	1,257,000
Other assets	4,451,000	5,581,000
Current liabilities	(6,834,000)	(11,835,000)
Deferred income taxes	(551,000)	(421,000)
Loss from discontinued operations for the period beginning June 1, 1995, net of income tax benefit of $1,407,000 and $462,000	7,538,000	3,755,000
Net assets of discontinued operations	$10,024,000	$6,046,000

Note 3. Receivables - Receivables on the accompanying Consolidated Balance Sheets consist of the following:

	September 30, 1996	December 31, 1995
Trade receivables	$12,873,000	$14,474,000
Fees earned, not received	5,019,000	2,866,000
Fees earned, not billed	6,782,000	6,302,000
	24,674,000	23,642,000
Less: Allowance for doubtful accounts	(1,350,000)	(1,206,000)
	$23,324,000	$22,436,000

Fees earned, not received represents brokerage commissions earned but not yet collected. Fees earned, not billed represents 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 represents fees collected from the Company's wholly owned subsidiaries, SEI Financial Services Company and SEI Financial Management Corporation, for distribution, investment advisory, and administration services provided by these subsidiaries to various regulated investment companies.

Note 4. Loans Receivable Available for Sale - Loans receivable available for sale represents loans which were purchased through the Company's Swiss subsidiary, SEI Capital AG, which is based in Zurich. The Company intends to sell these loans within a year from the balance sheet date. These receivables are reported at the lower of cost or market, and any difference between the purchase price and the related loan principal amount is recognized as an adjustment of the yield over the life of the loan using the effective interest method. Each loan receivable involves various risks, including, but not limited to, country, interest rate, credit, and liquidity risk. Management evaluates and monitors these risks on a continuing basis to ensure that these loan receivables are recorded at their realizable value. This evaluation is based upon management's best estimates and the amounts the Company will ultimately realize could differ from these estimates.

Note 5. Investments Available for Sale - Investments available for sale consist of mutual funds sponsored by the Company which were primarily invested in equity securities. The Company accounts for investments 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. Unrealized holding gains and losses on these investments are reported as a separate component of Shareholders' equity. Realized gains and losses are determined by the specific identification method and are reported separately on the accompanying Consolidated Statements of Income.

At December 31, 1995, Investments available for sale had an aggregate cost of $5,361,000 and an aggregate market value of $6,205,000 with gross unrealized gains of $844,000. At that date, the unrealized holding gains of $502,000 (net of income taxes of $342,000) were reported as a separate component of Shareholders' equity on the accompanying Consolidated Balance Sheets. There were no unrealized losses as of December 31, 1995.

In the second quarter of 1996, the Company sold all of its investments available for sale. The aggregate cost of these investments just prior to sale was $5,439,000. Total proceeds from the disposition of these investments were $6,536,000, resulting in a realized gain of $1,097,000. This gain is reflected in Gain on sale of investments available for sale on the accompanying Consolidated Statements of Income.

Note 6. Debt - The Company has a line of credit agreement (the "Agreement") with its principal lending institution which provides for borrowing of up to $50,000,000. The Agreement ends on May 31, 1997, at which time the outstanding principal balance, if any, becomes payable unless the Agreement is extended. The line of credit, when utilized, accrues interest at the Prime rate or three-tenths percent above the London Interbank Offered Rate. The Company is obligated to pay a commitment fee equal to one-tenth percent per annum on the average daily unused portion of the commitment. The line of credit is secured by the common stock of the Company's wholly owned subsidiaries. Certain other covenants under the Agreement require the Company to maintain specified levels of net worth, prohibit unsecured borrowings, and place certain restrictions on investments.

The maximum month-end amount of debt outstanding for the nine months ended September 30, 1996 and for the year ended December 31, 1995 was $20,000,000 and $11,000,000, respectively. The weighted average balance of debt outstanding during 1996 and 1995 was $11,104,000 and $3,206,000, respectively.

Interest expense for the three and nine months ended September 30, 1996 was $255,000 and $512,000, respectively, based on a weighted average interest rate of approximately six percent during 1996. Interest expense for the three and nine months ended September 30, 1995 was $173,000 based on a weighted average interest rate of approximately 6.6 percent during 1995.

Note 7. Common Stock Buyback - The Board of Directors has authorized the purchase of the Company's common stock on the open market or through private transactions of up to an aggregate of $175,729,000. Through September 30, 1996, a total of 13,227,000 shares at an aggregate cost of $165,368,000 have been purchased and retired. The Company purchased 487,000 shares at a cost of $8,766,000 during the third quarter of 1996.

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 21, 1996, the Board of Directors declared a cash dividend of $.12 per share on the Company's common stock, which was paid on June 28, 1996 to shareholders of record on June 12, 1996.

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

Note 9. Segment Information - The Company defines its business segments to reflect the Company's focus around two core product lines: Investment Technology and Services and Asset Management. 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 unaudited financial information from continuing operations about each of the Company's segments for the three and nine months ended September 30, 1996 and 1995. Prior-period business segment information has been restated to conform with current-period presentation.

	Investment Technology and Services	Asset Management	General and Admin.	Consolidated
	For the Three-Month Period Ended September 30, 1996			
Revenues	$40,076,000	$20,089,000		$60,165,000
Operating profit	$11,577,000	$ 1,316,000		$12,893,000
General and administrative expenses			$3,918,000	3,918,000
Interest income, net				(415,000)
Income before income taxes				$ 9,390,000
Depreciation and amortization	$ 1,684,000	$ 587,000	$ 49,000	$ 2,320,000
Capital expenditures	$ 1,599,000	$ 202,000	$6,722,000	$ 8,523,000
	For the Three-Month Period Ended September 30, 1995			
Revenues	$39,638,000	$16,840,000		$56,478,000
Operating profit	$11,266,000	$ 1,652,000		$12,918,000
General and administrative expenses			$4,298,000	4,298,000
Interest income, net				(54,000)
Income before income taxes				$ 8,674,000
Depreciation and amortization	$ 2,556,000	$ 610,000	$ 79,000	$ 3,245,000
Capital expenditures	$ 445,000	$ 1,384,000	$ 527,000	$ 2,356,000

	Investment Technology and Services	Asset Management	General and Admin.	Consolidated
	For the Nine-Month Period Ended September 30, 1996			
Revenues	$128,927,000	$56,018,000		$184,945,000
Operating profit	$ 32,579,000	$ 3,002,000		$ 35,581,000
General and administrative expenses			$10,050,000	10,050,000
Gain on sale of investments available for sale				(1,097,000)
Interest income, net				(572,000)
Income from continuing operations before income taxes				$ 27,200,000
Depreciation and amortization	$ 5,825,000	$ 1,718,000	$ 157,000	$ 7,700,000
Capital expenditures	$ 4,328,000	$ 301,000	$15,282,000	$ 19,911,000

	Investment Technology and Services	Asset Management	General and Admin.	Consolidated
	For the Nine-Month Period Ended September 30, 1995			
Revenues	$115,166,000	$50,548,000		$165,714,000
Operating profit	$ 32,698,000	$ 5,848,000		$ 38,546,000
General and administrative expenses			$12,900,000	12,900,000
Interest income, net				(436,000)
Income from continuing operations before income taxes				$ 26,082,000
Depreciation and amortization	$ 7,158,000	$ 1,736,000	$ 237,000	$ 9,131,000
Capital expenditures	$ 2,470,000	$ 1,973,000	$ 2,111,000	$ 6,554,000

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 9 of the Notes to Consolidated Financial Statements.

Results of Operations

Third Quarter Ended September 30, 1996 Compared to Third Quarter Ended September 30, 1995

The Company's results of operations for the third quarter of 1996 included revenues of $60,165,000, compared to $56,478,000 for the same period of 1995, an increase of seven percent from the prior year's corresponding quarter. Net income for the third quarter of 1996 was $5,906,000, compared to $4,943,000 in the same period of 1995. Earnings per share for the three months ended September 30, 1996 was $.31, compared to $.26 in the corresponding period of 1995, an increase of 19 percent. The Company continues to make substantial investments in the sales and marketing of its core asset management business, along with additional investments to expand its asset management business internationally. In addition, the Company continues to invest in trust technology, primarily in its open architecture system. Fund balances continued to expand during the third quarter of 1996. Total fund balances at September 30, 1996 were $77.8 billion compared to $58.2 billion at September 30, 1995, an increase of 34 percent. Included in these totals are proprietary fund balances of $54.4 billion at September 30, 1996 and $38.7 billion at September 30, 1995, an increase of 41 percent.

Investment Technology and Services - Revenues from Investment Technology and Services for the three months ended September 30, 1996 and 1995 were $40,076,000 and $39,638,000, respectively.

INVESTMENT TECHNOLOGY AND SERVICES REVENUES

	3RD QTR 1996	3RD QTR 1995	DOLLAR CHANGE	PERCENT CHANGE
Trust systems and services	$26,299,000	$27,131,000	$ (832,000)	(3%)
Proprietary fund services	13,777,000	12,507,000	1,270,000	10%
Total	$40,076,000	$39,638,000	$ 438,000	1%

Proprietary fund services revenue increased 10 percent from the prior-year period due to an increase in average proprietary fund balances over the past year despite the loss of two proprietary fund complexes in the first quarter of 1996. Proprietary fund services revenue growth in the third quarter of 1996 reflects the Company entering into a new contract with one of its largest non-bank proprietary clients. This new contract reduces the Company's gross administration fee received on asset balances which is offset by an equal reduction in direct proprietary fund marketing expense. As a result, margins are unaffected. Average proprietary fund balances increased $15.6 billion or 43 percent from $36.4 billion during the third quarter of 1995 to $52.0 billion during the third quarter of 1996. 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. Trust systems and services revenue declined slightly from the prior-year period as decreases in trust processing fees were partially offset by an increase in one-time implementation fees. The increase in one-time implementation fees was a result of mergers among various bank clients. Revenues should continue to expand for the remainder of 1996 due to continued growth in fund balances from proprietary funds. However, future revenue increases could be partially offset by the loss of bank clients as a result of continued mergers among banks.

INVESTMENT TECHNOLOGY AND SERVICES EXPENSES

	3RD QTR 1996	3RD QTR 1995	DOLLAR CHANGE	PERCENT CHANGE
Operating and development	$21,073,000	$21,230,000	$(157,000)	(1%)
Sales and marketing	$ 7,426,000	$ 7,142,000	$ 284,000	4%

Operating and development expense was relatively flat from the prior period as an increase in consulting expense was offset by a decrease in direct proprietary fund marketing expense relating to the new contract with one of the Company's largest non-bank proprietary clients. The increase in consulting expense reflects the Company's significant investment in its open architecture system and advanced client service technology. The Company expects investments in its trust technology to continue for the remainder of 1996 and into 1997. The four percent increase in sales and marketing expense was due primarily to an increase in promotion and personnel expenses. Operating profit from Investment Technology and Services for the three months ended September 30, 1996 was $11,577,000, an increase of three percent from the $11,266,000 reported in the corresponding quarter of 1995. Operating margins were 29 percent for the three months ended September 30, 1996, compared to 28 percent for the same period of 1995.

Asset Management-Revenues from Asset Management for the three months ended September 30, 1996 and 1995 were $20,089,000 and $16,840,000, respectively.

ASSET MANAGEMENT REVENUES

	3RD QTR 1996	3RD QTR 1995	DOLLAR CHANGE	PERCENT CHANGE
Liquidity services	$ 5,191,000	$ 5,678,000	$ (487,000)	(9%)
Mutual fund services	6,496,000	4,579,000	1,917,000	42%
Asset management services	3,580,000	3,549,000	31,000	1%
Brokerage and consulting services	4,822,000	3,034,000	1,788,000	59%
Total	$20,089,000	$16,840,000	$3,249,000	19%

Liquidity services revenue decreased 9 percent from the prior-year period due to assets being transferred from higher-fee liquidity products to lower-fee liquidity products. Overall, average fund balances increased in the Company's liquidity products from the prior year. Mutual fund services revenue increased 42 percent due to an increase in average fund balances from the Company's Family of Funds over the past year. This increase was partially due to clients transferring their assets from separate accounts under the Customized Asset Management Service ("CAMS") product into the Company's own mutual funds in addition to an increase in basis points earned on these funds. In addition, assets and fees increased from the Company's asset management business through registered investment advisors. The 59 percent increase in brokerage and consulting services revenue is due primarily to an internal reclassification of bank-related brokerage services.

ASSET MANAGEMENT EXPENSES

	3RD QTR 1996	3RD QTR 1995	DOLLAR CHANGE	PERCENT CHANGE
Operating and development	$9,247,000	$7,594,000	$1,653,000	22%
Sales and marketing	$9,526,000	$7,594,000	$1,932,000	25%

Operating and development expense increased 22 percent due to an increase in direct expenses relating to the increase in brokerage and consulting services revenues. The 25 percent increase in sales and marketing expense was due primarily to investments made in expanding the Company's asset management business internationally. The Asset Management segment recorded an operating profit of $1,316,000 for the three months ended September 30, 1996 compared to an operating profit of $1,652,000 in the corresponding period of 1995. The decline in operating profit is primarily attributable to investments the Company has made to strengthen its sales and marketing efforts in its core asset management business, along with additional investments to expand its asset management business internationally. These investments include personnel, promotion, and travel expenses to open the Company's distribution channels in non-U.S. markets. The Company expects these investments to continue for the remainder of 1996 and into 1997.

Other Income and Expenses - General and administrative expenses for the three months ended September 30, 1996 and 1995 were $3,918,000 and $4,298,000, respectively. General and administrative expenses declined nine percent primarily due to decreases in personnel expense in corporate overhead areas.

Interest income for the three months ended September 30, 1996 and 1995 was $415,000 and $54,000, respectively. The majority of interest expense relating to the borrowings under the short-term line of credit have been capitalized and recorded in Construction in progress (See Note 1 of the Notes to Consolidated Financial Statements).

Nine Months Ended September 30, 1996 Compared to Nine Months Ended September 30, 1995

The Company's results of operations for the nine months ended September 30, 1996 included revenues from continuing operations of $184,945,000, compared to $165,714,000 for the same period of 1995, an increase of 12 percent from the prior period. Approximately $5.6 million of this increase was due to the Company's recognition of one-time trust services revenue relating to a contractual settlement received from a client in the first quarter of 1996. Income from continuing operations for the first nine months of 1996 was $16,592,000, compared to $15,388,000 in the same period of 1995. Earnings per share from continuing operations for the nine months ended September 30, 1996 was $.86, compared to $.79 for the same period of 1995.

Investment Technology and Services - Revenues from Investment Technology and Services for the nine months ended September 30, 1996 and 1995 were $128,927,000 and $115,166,000, respectively.

INVESTMENT TECHNOLOGY AND SERVICES REVENUES

	NINE MONTHS 1996	NINE MONTHS 1995	DOLLAR CHANGE	PERCENT CHANGE
Trust systems and services	$ 85,926,000	$ 82,009,000	$ 3,917,000	5%
Proprietary fund services	43,001,000	33,157,000	9,844,000	30%
Total	$128,927,000	$115,166,000	$13,761,000	12%

Proprietary fund services revenue increased 30 percent from the prior-year period due to an increase in average proprietary fund balances over the past year despite the loss of two proprietary fund complexes in the first quarter of 1996. Average proprietary fund balances increased $15.5 billion or 48 percent from $32.3 billion during the first nine months of 1995 to $47.8 billion during the first nine months of 1996. 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. Trust systems revenue increased five percent from the prior-year period due to a $5.6 million one-time contractual obligation received from a client in the first quarter of 1996 which more than offset a decline in trust processing fees. Revenues should continue to expand for the remainder of 1996 due to continued growth in fund balances from proprietary funds. However, future revenue increases could be partially offset by the loss of bank clients as a result of continued mergers among banks.

INVESTMENT TECHNOLOGY AND SERVICES EXPENSES

	NINE MONTHS 1996	NINE MONTHS 1995	DOLLAR CHANGE	PERCENT CHANGE
Operating and development	$71,796,000	$60,329,000	$11,467,000	19%
Sales and marketing	$24,552,000	$22,139,000	$ 2,413,000	11%

The 19 percent increase in operating and development expense was primarily due to an increase in consulting and outsourcing expense, along with an increase in direct expense related to the growth in proprietary fund balances. The increase in consulting expense reflects the Company's significant investment in its open architecture system and advanced client service technology. The Company expects investments in its trust technology to continue for the remainder of 1996 and into 1997. The increase in outsourcing expense reflects the Company's commitment to focus on its core competencies. The 11 percent increase in sales and marketing expense was due primarily to increases in promotion and personnel expenses. Operating profit from Investment Technology and Services for the nine months ended September 30, 1996 was $32,579,000 compared to the $32,698,000 reported in the corresponding period of 1995. Operating margins were 25 percent for the nine months ended September 30, 1996, compared to 28 percent for the same period of 1995. The decline in operating margins is attributable to the Company's substantial investment in trust technology and lower margins from its proprietary mutual fund business.

Asset Management-Revenues from Asset Management for the nine months ended September 30, 1996 and 1995 were $56,018,000 and $50,548,000, respectively.

ASSET MANAGEMENT REVENUES

	NINE MONTHS 1996	NINE MONTHS 1995	DOLLAR CHANGE	PERCENT CHANGE
Liquidity services	$15,393,000	$16,673,000	$(1,280,000)	(8%)
Mutual fund services	18,191,000	13,769,000	4,422,000	32%
Asset management services	10,407,000	11,230,000	(823,000)	(7%)
Brokerage and consulting services	12,027,000	8,876,000	3,151,000	36%
Total	$56,018,000	$50,548,000	$ 5,470,000	11%

Liquidity services revenue decreased eight percent from the prior-year period due to assets being transferred from higher-fee liquidity products to lower-fee liquidity products. Mutual fund services revenue increased 32 percent due to an increase in average fund balances from the Company's Family of Funds over the past year. This increase was partially due to clients transferring their assets from separate accounts under the Customized Asset Management Service ("CAMS") product into the Company's own mutual funds along with an increase in basis points earned on these funds. The seven percent decrease in asset management services revenue is due primarily to a decrease in fund balances from the Company's International Collective Trust, along with the CAMS transfer of assets to the Company's Family of Funds. The 36 percent increase in brokerage and consulting services revenue is due primarily to an internal reclassification of bank-related brokerage services.

ASSET MANAGEMENT EXPENSES

	NINE MONTHS 1996	NINE MONTHS 1995	DOLLAR CHANGE	PERCENT CHANGE
Operating and development	$26,745,000	$24,425,000	$2,320,000	9%

Sales and marketing	$26,271,000	$20,275,000	$5,996,000	30%

Operating and development expense increased nine percent due to an increase in direct expenses relating to the increase in brokerage and consulting services revenues. The 30 percent increase in sales and marketing expense was due primarily to increases in personnel and travel expense, along with significant investments in expanding the Company's asset management business internationally. The Asset Management segment recorded an operating profit of $3,002,000 for the nine months ended September 30, 1996 compared to an operating profit of $5,848,000 in the corresponding period of 1995. The decline in operating profit is primarily attributable to investments the Company has made to strengthen its sales and marketing efforts in its core asset management business, along with additional investments to expand its asset management business internationally. These investments include personnel, promotion, and travel expenses to open the Company's distribution channels in non-U.S. markets. The Company expects these investments to continue for the remainder of 1996 and into 1997.

Other Income and Expenses - General and administrative expenses for the nine months ended September 30, 1996 and 1995 were $10,050,000 and $12,900,000, respectively. General and administrative expenses declined 22 percent primarily due to decreases in personnel expense in corporate overhead areas.

Gain on sale of investments available for sale for the nine months ended September 30, 1996 was $1,097,000. The realized gain is a result of the Company's disposition of all of its investments classified as Investments available for sale at an amount greater than original cost (See Note 5 of the Notes to Consolidated Financial Statements). There were no realized gains or losses for the nine months ended September 30, 1995.

Interest income for the nine months ended September 30, 1996 and 1995 was $572,000 and $436,000, respectively. The majority of interest expense relating to the borrowings under the short-term line of credit have been capitalized and recorded in Construction in progress (See Note 1 of the Notes to Consolidated Financial Statements).

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 $50,000,000. At September 30, 1996, the Company's sources of liquidity consisted primarily of cash and cash equivalents of $14,592,000, of which $5,000,000 is appropriated for use by the Company's Swiss subsidiary, and the unused balance on the line of credit of $31,000,000. The availability of the line of credit is subject to the Company's compliance with certain covenants set forth in the agreement.

Cash flow provided by operations for the nine months ended September 30, 1996 was $19,911,000 compared to $12,598,000 for the nine months ended September 30, 1995. The increase in operating cash flow is primarily due to an increase in accounts receivable collections during the current nine-month period compared to the corresponding nine-month period of 1995.

Capital expenditures, including capitalized software development costs, for the nine months ended September 30, 1996 and 1995 were $27,046,000 and $8,407,000, respectively. The increase in capital expenditures is primarily the result of expenditures made by the Company for its new corporate campus, along with an increase in capitalized software development costs. The corporate campus is expected to be completed in 1996 at a total estimated cost of $31,800,000, including $4,065,000 for the cost of the land which the Company purchased in 1994. Construction in progress related to the corporate campus was $19,742,000 at September 30, 1996. The Company believes that anticipated long-term borrowing arrangements will provide adequate funds for all future costs relating to the construction of, and the move to, this corporate campus. The increase in capitalized software development costs relates primarily to the Company's investment in its open architecture and advanced client service technology projects. Capitalized software development costs relating to these projects are expected to continue for the remainder of 1996 and into 1997. In the second quarter of 1996, the Company received $6,536,000 from the sale of all of its investments classified as Investments available for sale (See Note 5 of the Notes to Consolidated Financial Statements). The Company has purchased 527,000 shares of its common stock at a cost of $9,635,000 during 1996.

The Company's operating cash flow, borrowing capacity of short and long-term debt, and liquidity should provide adequate funds for continuing operations, continued investment in new products and equipment, its common stock repurchase program, and the completion of its new corporate campus.

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 September 30, 1996.

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 November 14, 1996

By /s/ HENRY H. GREER

Henry H. Greer
President, Chief Operating
Officer and Chief
Financial Officer

SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11-EARNINGS PER SHARE CALCULATION

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30,

	1996	1995
Earnings per common and common equivalent share (Primary EPS):		
Net income	$ 5,906,000	$ 4,943,000
Weighted average number of shares issued and outstanding	18,396,000	18,377,000
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	717,000	967,000
Adjusted weighted average number of shares outstanding	19,113,000	19,344,000
Earnings per common and common equivalent share	$ .31	$ .26

SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11-EARNINGS PER SHARE CALCULATION

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30,

	1996	1995
Earnings per common and common equivalent share, assuming full dilution (Fully diluted EPS):		
Net income	$ 5,906,000	$ 4,943,000
Weighted average number of shares issued and outstanding	18,396,000	18,377,000
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	858,000	970,000
Adjusted weighted average number of shares outstanding, assuming full dilution	19,254,000	19,347,000
Earnings per common and common equivalent share, assuming full dilution	$ .31	$ .26

SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11-EARNINGS PER SHARE CALCULATION

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,

	1996	1995
Earnings per common and common equivalent share (Primary EPS):		
Income from continuing operations	$16,592,000	$15,388,000
Net income	$16,592,000	$13,446,000
Weighted average number of shares issued and outstanding	18,523,000	18,674,000
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	852,000	855,000
Adjusted weighted average number of shares outstanding	19,375,000	19,529,000
Earnings per common and common equivalent share from continuing operations	$ .86	$ .79
Earnings per common and common equivalent share	$ .86	$ .69

SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11-EARNINGS PER SHARE CALCULATION

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,

	1996	1995
Earnings per common and common equivalent share, assuming full dilution (Fully diluted EPS):		
Income from continuing operations	$16,592,000	$15,388,000
Net income	$16,592,000	$13,446,000
Weighted average number of shares issued and outstanding	18,523,000	18,674,000
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	942,000	901,000
Adjusted weighted average number of shares outstanding, assuming full dilution	19,465,000	19,575,000
Earnings per common and common equivalent share from continuing operations, assuming full dilution	$ .85	$ .79
Earnings per common and common equivalent share, assuming full dilution	$ .85	$ .69

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JAN-01-1996
SEP-30-1996
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