

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, 2004

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 INVESTMENTS COMPANY

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

23-1707341
(IRS Employer
Identification Number)

1 Freedom Valley Drive, Oaks, Pennsylvania 19456-1100

(Address of principal executive offices)
(Zip Code)

(610) 676-1000

(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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). 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 July 31, 2004: 103,086,507 shares of common stock, par value \$.01 per share.

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

SEI Investments Company
Consolidated Balance Sheets
(unaudited)
(In thousands)

	<u>June 30,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 162,883	\$ 199,953
Restricted cash	11,650	53,481
Receivables from regulated investment companies	26,195	27,178
Receivables, net of allowance for doubtful accounts of \$1,700	68,604	59,434
Prepaid expenses and other current assets	8,807	8,517
Deferred income taxes	2,266	3,850
Total Current Assets	280,405	352,413
Property and Equipment, net of accumulated depreciation and amortization of \$93,685 and \$99,553	111,886	113,064
Capitalized Software, net of accumulated amortization of \$17,274 and \$17,078	34,612	21,115
Investments Available for Sale	67,061	70,560
Other Assets, net	41,312	35,477
Total Assets	\$ 535,276	\$ 592,629

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Balance Sheets
(unaudited)
(In thousands, except par value)

	<u>June 30,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-term debt and current portion of long-term debt	\$ 11,996	\$ 14,389
Accounts payable	8,916	7,427
Payable to regulated investment companies	1,591	43,099
Accrued liabilities	113,521	128,152
Deferred revenue	41	407
Total Current Liabilities	136,065	193,474
Long-term Debt	17,167	23,944
Deferred Income Taxes	15,563	11,438
Shareholders' Equity:		
Common stock, \$.01 par value, 750,000 shares authorized; 102,927 and 104,869 shares issued and outstanding	1,029	1,049
Capital in excess of par value	248,750	246,068
Retained earnings	113,589	111,972
Accumulated other comprehensive gains	3,113	4,684
Total Shareholders' Equity	366,481	363,773
Total Liabilities and Shareholders' Equity	\$ 535,276	\$ 592,629

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Statements of Operations
(unaudited)
(In thousands, except per share data)

	Three Months Ended June 30,	
	2004	2003
Revenues	\$ 169,162	\$ 156,225
Expenses:		
Operating and development	74,596	69,964
Sales and marketing	34,557	29,167
General and administrative	7,811	4,835
Income from operations	52,198	52,259
Equity in the earnings of unconsolidated affiliate	10,680	4,861
Net gain (loss) from investments	1,356	(4,076)
Interest income	904	1,365
Interest expense	(505)	(519)
Other income	—	509
Income before income taxes	64,633	54,399
Income taxes	23,429	20,128
Net income	41,204	34,271
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments	(275)	1,115
Unrealized holding (loss) gain on investments:		
Unrealized holding (losses) gains during the period, net of income tax benefit (expense) of \$473 and \$(1,359)	(834)	2,391
Less: reclassification adjustment for (gains) losses realized in net income, net of income tax expense (benefit) of \$353 and \$(149)	(620)	254
Other comprehensive (loss) income	(1,729)	3,760
Comprehensive income	\$ 39,475	\$ 38,031
Basic earnings per common share	\$.40	\$.33
Diluted earnings per common share	\$.39	\$.32
Dividends declared per common share	\$.10	\$.07

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Statements of Operations
(unaudited)
(In thousands, except per share data)

	Six Months Ended June 30,	
	2004	2003
Revenues	\$ 336,323	\$ 309,066
Expenses:		
Operating and development	153,328	138,254
Sales and marketing	65,627	56,554
General and administrative	15,597	10,486
Income from operations	101,771	103,772
Equity in the earnings of unconsolidated affiliate	19,683	8,475
Net gain (loss) from investments	4,291	(4,182)
Interest income	1,837	2,607
Interest expense	(1,131)	(1,087)
Other income	—	509
Income before income taxes	126,451	110,094
Income taxes	45,838	40,735
Net income	80,613	69,359
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments	674	1,097
Unrealized holding (loss) gain on investments:		
Unrealized holding gains during the period, net of income tax expense of \$206 and \$918	382	1,584
Less: reclassification adjustment for (gains) losses realized in net income, net of income tax expense (benefit) of \$1,531 and (\$423)	(2,627)	720
Other comprehensive (loss) income	(1,571)	3,401
Comprehensive income	\$ 79,042	\$ 72,760
Basic earnings per common share	\$.77	\$.66
Diluted earnings per common share	\$.76	\$.64
Dividends declared per common share	\$.10	\$.07

The accompanying notes are an integral part of these consolidated financial statements.

SEI Investments Company
Consolidated Statements of Cash Flows
(unaudited)
(In thousands)

	Six Months Ended June 30,	
	2004	2003
Cash flows from operating activities:		
Net income	\$ 80,613	\$ 69,359
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,216	8,627
Undistributed equity in the earnings of unconsolidated affiliate	(6,408)	(2,671)
Tax benefit on stock options exercised	3,773	6,064
Other	3,488	4,026
Change in current assets and liabilities:		
Decrease (increase) in		
Restricted cash	41,831	—
Receivables from regulated investment companies	992	(753)
Receivables	(9,179)	(3,104)
Prepaid expenses and other current assets	(290)	(320)
Increase (decrease) in		
Accounts payable	1,489	(1,250)
Payable to regulated investment companies	(41,508)	—
Accrued liabilities	(5,192)	(15,449)
Deferred revenue	(366)	(26)
	77,459	64,503
Cash flows from investing activities:		
Additions to property and equipment	(5,924)	(10,336)
Additions to capitalized software	(14,573)	(2,437)
Purchase of investments available for sale	(25,282)	(7,413)
Sale of investments available for sale	29,966	14,243
Other	—	(367)
	(15,813)	(6,310)
Cash flows from financing activities:		
Payment on long-term debt	(9,170)	(6,778)
Purchase and retirement of common stock	(74,369)	(57,272)
Proceeds from issuance of common stock	4,571	10,106
Payment of dividends	(19,748)	(13,702)
	(98,716)	(67,646)
Net decrease in cash and cash equivalents	(37,070)	(9,453)
Cash and cash equivalents, beginning of period	199,953	165,724
Cash and cash equivalents, end of period	\$ 162,883	\$ 156,271
Non-cash investing activity:		
Issuance of note for additional interest in unconsolidated affiliate	—	\$ 7,250

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements
(all figures are in thousands except per share data)

Note 1. Summary of Significant Accounting Policies

Nature of Operations

SEI Investments Company (the "Company") is organized around its primary target markets: Private Banking and Trust, Investment Advisors, Enterprises, Money Managers, and Investments in New Businesses. Private Banking and Trust provides investment processing, fund processing, and investment management solutions to banks and other trust institutions located in the United States and Canada. Investment Advisors provides investment management solutions to affluent investors through a network of independent registered investment advisors, financial planners and other investment professionals in the United States. Enterprises provides retirement and treasury solutions to corporations, unions, municipalities, and hospitals, as well as an endowment solution for the not-for-profit market, in the United States. Money Managers provides mutual and pooled fund processing and investment processing solutions to investment managers and mutual fund companies located in the United States and to investment managers worldwide of alternative asset classes such as hedge funds, fund of funds, and private equity funds. Investments in New Businesses provides investment management and fund processing solutions to investment advisors, corporations, and money managers located outside the United States, as well as expanding our investment solutions to include affluent families located in the United States.

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 of the Company as of June 30, 2004, the results of operations for the three and six months ended June 30, 2004 and 2003, and cash flows for the six month periods ended June 30, 2004 and 2003.

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 to the Consolidated Financial Statements included in the Company's latest Annual Report on Form 10-K.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. The Company's principal subsidiaries are SEI Investments Distribution Company ("SIDCO"), SEI Investments Management Corporation ("SIMC"), and SEI Private Trust Company. All intercompany accounts and transactions have been eliminated. Investment in unconsolidated affiliate is accounted for using the equity method due to the Company's less than 50 percent ownership. The Company's portion of the affiliate's operating results is reflected in Equity in the earnings of unconsolidated affiliate on the accompanying Consolidated Statements of Operations (See Note 6).

Cash and Cash Equivalents

The Company considers investment instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents included \$119,568 and \$160,837 primarily invested in open-ended money market mutual funds of SEI Liquid Asset Trust and SEI Daily Income Trust at June 30, 2004 and December 31, 2003, respectively.

Restricted Cash

Restricted cash at June 30, 2004 and December 31, 2003 includes cash of \$1,383 and \$43,099, respectively, received from and for the benefit of customers of SIDCO in order to settle transactions for regulated investment companies ("RICs") for which SIMC acts as the transfer agent. Restricted cash also includes cash of \$208 at June 30, 2004 reserved for payment of expenses of RICs for which SIMC serves as the administrator. A corresponding liability is established for the payments to the RICs, and is reflected in Payable to regulated investment companies on the accompanying Consolidated Balance Sheets. The total balance of cash received from such parties is typically paid the following business day.

Additionally, Restricted cash at June 30, 2004 and December 31, 2003 includes \$10,059 and \$10,382, respectively, of cash segregated in compliance with federal and other regulations for SIDCO operations.

Property and Equipment

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

	June 30, 2004	December 31, 2003	Estimated Useful Lives (In Years)
Equipment	\$ 56,775	\$ 59,030	3 to 5
Buildings	96,759	81,835	25 to 39
Land	9,380	9,379	N/A
Purchased software	24,521	23,313	3 to 7
Furniture and fixtures	13,917	15,888	3 to 5
Leasehold improvements	2,622	8,173	Lease Term
Construction in progress	1,597	14,999	N/A
	<u>205,571</u>	<u>212,617</u>	
Less: Accumulated depreciation and amortization	(93,685)	(99,553)	
Property and Equipment, net	<u>\$ 111,886</u>	<u>\$ 113,064</u>	

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.

Upon retirement, sale, or other disposition, the cost and associated accumulated depreciation are eliminated from the accounts and any gain or loss is recorded.

Capitalized Software

The Company accounts for software development costs in accordance with the guidance established in Emerging Issues Task Force (“EITF”) Issue No. 00-03 “Application of AICPA Statement of Position 97-2 to Arrangements That Include the Right to Use Software Stored on Another Entity’s Hardware,” and applies Statement of Position 98-1 “Accounting for the Cost of Computer Software Developed or Obtained for Internal Use” (“SOP 98-1”), for development costs associated with software products to be provided in a hosting environment. SOP 98-1 requires that costs incurred in the preliminary project and post implementation stages of an internal software project be expensed as incurred and that certain costs incurred in the application development stage of a project be capitalized. The Company capitalized \$14,573 and \$2,437 of software development costs in accordance with SOP 98-1 during the six months ended June 30, 2004 and 2003, respectively.

Amortization of capitalized software development costs begins when the product is placed into service. 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 to ten years, with a weighted average remaining life of approximately 4.2 years. Amortization expense was \$1,076 and \$867 during the six months ended June 30, 2004 and 2003, respectively, and is included in Operating and development expenses on the accompanying Consolidated Statements of Operations.

Revenue Recognition

The Company’s principal sources of revenues consist of information processing and software services; management, administration, advisory, and distribution of mutual funds; brokerage and consulting services; and other asset management products and services. Revenues from these services are recognized in the periods in which they are performed provided that pervasive evidence of an agreement exists, the fee is fixed or determinable, and collectibility is reasonably assured. Cash received by the Company in advance of the performance of services is deferred and recognized as revenue when earned. Reimbursements received for out-of-pocket expenses incurred are recorded as revenue.

Earnings per Share

The Company calculates earnings per share in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 128, “Earnings per Share.” Basic earnings per common share is calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflect the potential dilution from the exercise or conversion of securities into common stock, such as stock options.

	For the Three Month Period Ended June 30, 2004		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per common share	\$ 41,204	103,425	\$.40
Dilutive effect of stock options	—	2,280	
Diluted earnings per common share	\$ 41,204	105,705	\$.39

	For the Three Month Period Ended June 30, 2003		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per common share	\$ 34,271	104,828	\$.33
Dilutive effect of stock options	—	3,173	
Diluted earnings per common share	\$ 34,271	108,001	\$.32

Options to purchase 7,138 and 4,998 shares of common stock, with an average exercise price of \$35.28 and \$38.21, were outstanding during the second quarter of 2004 and 2003, respectively, but were excluded from the diluted earnings per common share calculation because the options' exercise prices were greater than the average market price of the Company's common stock.

	For the Six Month Period Ended June 30, 2004		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per common share	\$ 80,613	104,151	\$.77
Dilutive effect of stock options	—	2,426	
Diluted earnings per common share	\$ 80,613	106,577	\$.76

	For the Six Month Period Ended June 30, 2003		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per common share	\$ 69,359	105,297	\$.66
Dilutive effect of stock options	—	3,486	
Diluted earnings per common share	\$ 69,359	108,783	\$.64

Options to purchase 2,583 and 5,003 shares of common stock, with an average exercise price of \$45.47 and \$38.20 were outstanding during the first six months of 2004 and 2003 respectively, but were excluded from the diluted earnings per common share calculation because the options' exercise prices were greater than the average market price of the Company's common stock.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations and has presented the pro forma disclosure required by SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), as amended by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure" ("SFAS 148"), in the following table.

The Company applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for the Company's fixed stock-based compensation. Had compensation cost been determined consistent with SFAS 123, as amended by SFAS 148, the Company's net income would have been reduced to the following pro forma amounts:

	For the Three Month Period Ended		For the Six Month Period Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Net Income:				
As reported	\$41,204	\$34,271	\$80,613	\$69,359
Deduct: Total stock-based employee expense determined under the fair value based method for all awards, net of related tax effects	(3,427)	(2,711)	(6,785)	(4,913)
Pro forma	\$37,777	\$31,560	\$73,828	\$64,446
Basic earnings per common share				
As reported	\$.40	\$.33	\$.77	\$.66
Pro forma	\$.37	\$.30	\$.71	\$.61
Diluted earnings per common share				
As reported	\$.39	\$.32	\$.76	\$.64
Pro forma	\$.36	\$.29	\$.69	\$.59

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 six months ended June 30 is as follows:

	2004	2003
Interest paid	\$ 1,184	\$ 1,324
Interest and dividends received	1,864	2,768
Income taxes paid	36,281	34,961

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51," ("FIN 46"). FIN 46 addresses consolidation by business enterprises of variable interest entities. The FASB then issued FIN 46(R), "Consolidation of Variable Interest Entities an Interpretation of ARB No. 51," ("FIN 46(R)"), which replaced FIN 46. Application of FIN 46(R) is required in financial statements of public entities that have interests in variable interest entities or potential variable interest entities commonly referred to as special-purpose entities for periods ending after December 15, 2003. As of June 30, 2004, the Company had no investments in variable interest entities.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

Note 2. Comprehensive Income – The Company computes comprehensive income in accordance with SFAS No. 130, "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 establishes standards for the reporting and presentation of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements that is presented with equal prominence as other financial statements. Comprehensive income includes net income, foreign currency translation adjustments, and unrealized holding gains and losses and is presented on the accompanying Consolidated Statements of Operations. Accumulated other comprehensive gains on the Consolidated Balance Sheets is the change from December 31, 2003 to June 30, 2004, which is as follows:

	<u>Foreign Currency Translation Adjustments</u>	<u>Unrealized Holding Gains (Losses) on Investments</u>	<u>Accumulated Other Comprehensive Gains (Losses)</u>
Beginning balance (Dec. 31, 2003)	\$ 2,130	\$ 2,554	\$ 4,684
Current period change	674	(2,245)	(1,571)
Ending balance (June 30, 2004)	<u>\$ 2,804</u>	<u>\$ 309</u>	<u>\$ 3,113</u>

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

	<u>June 30, 2004</u>	<u>December 31, 2003</u>
Trade receivables	\$23,166	\$ 20,439
Fees earned, not billed	46,414	39,500
Other receivables	724	1,195
	<u>70,304</u>	<u>61,134</u>
Less: Allowance for doubtful accounts	(1,700)	(1,700)
	<u>\$68,604</u>	<u>\$ 59,434</u>

Fees earned, not billed represents receivables earned but unbilled and results from timing differences between services provided and contractual billing schedules.

Receivables from regulated investment companies on the accompanying Consolidated Balance Sheets represent fees collected from two of the Company's wholly-owned subsidiaries, SIDCO and SIMC, for distribution, investment advisory, and administration services provided by these subsidiaries to various regulated investment companies sponsored by the Company.

Note 4. **Investments Available for Sale** - Investments available for sale consists primarily of investments in mutual funds sponsored by the Company. The Company accounts for investments in marketable securities pursuant to SFAS 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, net of income taxes, are reported as a separate component of comprehensive income. Realized gains and losses, as determined on a specific identification basis, are reported separately on the accompanying Consolidated Statements of Operations.

As of June 30, 2004				
	Cost Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Company-sponsored mutual funds	\$57,523	\$ 404	\$ (1,093)	\$56,834
Equity securities	9,056	1,171	—	10,227
	<u>\$66,579</u>	<u>\$ 1,575</u>	<u>\$ (1,093)</u>	<u>\$67,061</u>
As of December 31, 2003				
	Cost Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Company-sponsored mutual funds	\$57,573	\$ 3,207	\$ (136)	\$60,644
Equity securities	8,935	981	—	9,916
	<u>\$66,508</u>	<u>\$ 4,188</u>	<u>\$ (136)</u>	<u>\$70,560</u>

The net unrealized holding gains at June 30, 2004 were \$309 (net of income tax expense of \$173) and at December 31, 2003 were \$2,554 (net of income tax expense of \$1,498) and are reported as a separate component of Accumulated other comprehensive gains on the accompanying Consolidated Balance Sheets.

Management performs a review of all investments in marketable securities on a quarterly basis with regards to impairment. Factors considered in determining other-than-temporary impairment are significant or prolonged declines in the price of investments based on available market prices. Additional consideration is given to the ability to recover the carrying amount of the investment. The Company recorded an impairment charge of \$595 related to other-than-temporary declines in fair value and is included in Net gain (loss) from investments on the accompanying Consolidated Statements of Operations for the six month period ended June 30, 2003. The Company did not record an impairment charge related to other-than-temporary declines in fair value for any of its securities available-for-sale during the six month period ended June 30, 2004.

During the three months ended June 30, 2004, the Company recognized gross realized gains from available-for-sale securities of \$1,086 and gross realized losses from available-for-sale securities of \$4. For the six months ended June 30, 2004, the Company recognized gross realized gains from available-for-sale securities of \$4,163 and gross realized losses from available-for-sale securities of \$4.

At June 30, 2004, the Company had gross unrealized losses of \$614 that relate to a \$24,578 investment in a Company-sponsored mutual fund that primarily invests in federal agency mortgage-backed securities. The gross unrealized losses from this investment are not considered as a precipitous decline in market value and were for a period of less than 12 months.

Note 5. **Derivative Instruments and Hedging Activities** - The Company is exposed to market risk associated with its designated Investments available for sale. To provide some protection against potential market fluctuations associated with its investments available for sale, the Company has entered into various derivative financial transactions in the form of futures and equity contracts ("derivatives").

The Company accounts for its derivatives in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities – an amendment of FASB Statement No. 133," and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities."

The Company recognizes all derivatives on the balance sheet at fair value. On the date the derivative instrument is entered into, the Company determines if the instrument qualifies as an effective fair value hedge in accordance with established accounting guidance. Changes in the fair value of a derivative that qualifies as a fair value hedge, along with changes in the fair value of the hedged asset, are recorded in current period earnings. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes relating all derivatives that are designated as fair value hedges to specific assets on the balance sheet. The Company evaluates, on an ongoing basis, whether each derivative remains an effective fair value hedge.

For derivatives that do not qualify or no longer qualify as an effective fair value hedge, the Company will not apply hedge accounting. Changes in the entire fair value of a derivative that do not qualify as a fair value hedge are recognized immediately in current period earnings while the change in the fair value of the hedged asset is recorded in Other Comprehensive Income. During 2002, the Company discontinued hedge accounting prospectively for certain derivatives. The Company may continue to enter into economic hedges to support certain business strategies that may not qualify as accounting hedges. Currently, the Company does not apply hedge accounting to any of its derivative instruments.

Net gain (loss) from investments on the accompanying Consolidated Statements of Operations includes a net gain of \$296 and a net loss of \$24 from hedge ineffectiveness for the three and six months ended June 30, 2004, respectively.

The Company currently holds futures contracts with a notional amount of \$14,160 with a financial institution for various terms. The Company also currently holds equity derivatives with a notional amount of \$10,227 with a financial institution with various terms. During the three months ended June 30, 2004, the Company did not enter into or hold derivative financial instruments for trading purposes.

The following tabular disclosure provides information about the Company's derivative financial instruments.

	Expected Maturity Date				Total
	2004	2005	2006	Thereafter	
Equity	\$ —	10,227	—	—	\$10,227
Futures	7,080	7,080	—	—	14,160
Total	\$7,080	17,307	—	—	\$24,387

Note 6. Other Assets - Other assets on the accompanying Consolidated Balance Sheets consist of the following:

	June 30, 2004	December 31, 2003
Investment in unconsolidated affiliate	\$29,828	\$ 23,420
Other, net	11,484	12,057
Other assets	\$41,312	\$ 35,477

Other, net consists of long-term prepaid expenses, deposits and other investments carried at cost.

Investment in Unconsolidated Affiliate – The Company has an investment in the general partnership LSV Asset Management (“LSV”). LSV is a registered investment advisor that provides investment advisory services to institutions, including pension plans and investment companies. LSV is currently the portfolio manager for a number of Company-sponsored mutual funds. The Company’s interest in LSV was approximately 46 percent and 44 percent for the first six months of 2004 and 2003, respectively. LSV is accounted for using the equity method of accounting due to the Company’s less than 50 percent ownership. The Company’s portion of LSV’s net earnings is reflected in Equity in the earnings of unconsolidated affiliate on the accompanying Consolidated Statements of Operations.

On June 30, 2003, the Company acquired an additional partnership interest in LSV of approximately three percent (the “Additional Interest”), increasing its total partnership interest in LSV. The purchase price for the Additional Interest included a contingent purchase price which would be payable in the event of the sale of a certain percentage of the Partnership’s business and assets prior to January 1, 2006. On July 1, 2003, several new partners were admitted into the partnership, which reduced the Company’s partnership interest by approximately one percent for a total partnership interest of approximately 46 percent. The Company also agreed to allow new partners of LSV to buy the Additional Interest at certain prices and dates. At June 30, 2004, the basis of the Company’s investment in LSV exceeded its underlying equity in the net assets of LSV by \$8,049. The Company accounts for this amount as goodwill embedded in their investment in LSV. The Company does not record amortization expense associated with such embedded goodwill but assesses whether such embedded goodwill is impaired on an annual basis. The embedded goodwill in LSV was not deemed impaired during the 12 month period ended June 30, 2004. In July 2004, partners of LSV exercised their right to acquire the Additional Interest from the Company, and as a result, the Company’s total partnership interest decreased to approximately 43 percent.

The following table contains the condensed statements of operations of LSV for the three and six months ended June 30:

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Revenues	\$26,778	\$13,704	\$49,492	\$24,492
Net income	\$23,143	\$11,091	\$42,573	\$19,334

The following table contains the condensed balance sheets of LSV:

	June 30, 2004	December 31, 2003
Cash and cash equivalents	\$20,348	\$ 14,259
Accounts receivable	27,683	20,328
Other current assets	135	226
Non-current assets	348	363
Total assets	\$48,514	\$ 35,176
Current liabilities	\$ 2,604	\$ 2,955
Partners’ capital	45,910	32,221
Total liabilities and partners’ capital	\$48,514	\$ 35,176

Note 7. Accrued Liabilities – Accrued liabilities on the accompanying Consolidated Balance Sheets consists of the following:

	June 30, 2004	December 31, 2003
Accrued compensation	\$ 24,219	\$ 30,814
Accrued income taxes	8,808	10,559
Accrued proprietary fund services	11,719	9,407
Accrued brokerage fees	7,893	7,721
Accrued consulting fees	5,977	4,624
Accrued investment officer fees	10,236	10,019
Other accrued liabilities	44,669	55,008
Total accrued liabilities	\$ 113,521	\$ 128,152

Note 8. Short-term Debt – On June 30, 2003, the Company had a payable to LSV in the amount of \$7,250, which bears interest at the rate of four percent per annum and is being repaid in six quarterly installments beginning July 1, 2003. Principal payments are made at the beginning of each quarter. The Company made its scheduled payments of \$1,191 and \$1,202 in January and April of 2004, respectively. The remaining unpaid principal balance at June 30, 2004 was \$2,440.

On September 15, 2003 (the “Closing Date”), the Company entered into a \$200,000 364-Day Credit Agreement (the “Credit Facility”). The Credit Facility became available on the Closing Date and ends 364 days after the Closing Date (the “Termination Date”). At the Termination Date, any aggregate principal amount of loans outstanding under the Credit Facility will, at the Company’s option, convert to a one-year term loan, payable in four equal quarterly installments. The Credit Facility, when utilized, will accrue interest at the Company’s option of either the Prime Rate or one percent above the London Interbank Offer Rate (“LIBOR”). The Company is obligated to pay a commitment fee equal to one-quarter of one percent per annum on the daily unused portion of the Credit Facility. The Credit Facility contains various covenants, including, but not limited to, limitations regarding incurrence of indebtedness or liens, maintenance of minimum net worth levels, and restrictions on certain investments. None of these covenants currently negatively affect the Company’s liquidity or capital resources. As of June 30, 2004, the Company had no borrowings under the Credit Facility. The Credit Facility is scheduled to expire on September 13, 2004. Management intends to renew or replace the Credit Facility prior to the Termination Date.

Note 9. Long-term Debt - On February 24, 1997, the Company signed a Note Purchase Agreement authorizing the issuance and sale of \$20,000 of 7.20% Senior Notes, Series A, and \$15,000 of 7.27% Senior Notes, Series B (collectively, the “Notes”), in a private offering with certain financial institutions. The Notes are unsecured with final maturities ranging from 10 to 15 years. The proceeds from the Notes were used to repay the outstanding balance on the Company’s line of credit at that date. The Note Purchase Agreement, which was subsequently amended, contains various covenants, including limitations on indebtedness, maintenance of minimum net worth levels, and restrictions on certain investments. In addition, the Note Purchase Agreement limits the Company’s ability to merge or consolidate, and to sell certain assets.

Principal payments on the Notes are made annually from the date of issuance while interest payments are made semi-annually. The Company made its scheduled payment of \$4,000 in February 2004. The remaining unpaid principal balance of the Notes at June 30, 2004 was \$17,000, of which \$4,000 is classified as current.

On June 26, 2001 the Company entered into a Loan Agreement (the “Agreement”) with a separate lending institution. The Agreement provides for borrowing up to \$25,000 in the form of a term loan, and expires on March 31, 2006 and is payable in 17 equal quarterly installments. The Agreement provides the Company the option to have interest accrued at either the lower of the Prime rate or one and thirty-five hundredths of one percent above LIBOR. The Agreement contains various covenants, including limitations on indebtedness and restrictions on certain investments. None of these

covenants negatively affect the Company's liquidity or capital resources. On August 2, 2001, the Company borrowed the full \$25,000. The Company made its scheduled payments of \$1,388 and \$1,389 in March and June of 2004, respectively. The remaining unpaid principal balance of the Agreement at June 30, 2004 was \$9,723, of which \$5,556 is classified as current. The interest rate being applied at June 30, 2004 was 2.46%.

The Company was in compliance with all covenants associated with its long-term debt during the six month period ended June 30, 2004.

Note 10. Common Stock Buyback - The Company's Board of Directors has authorized the repurchase of the Company's common stock on the open market or through private transactions of up to an aggregate of \$803,365, which includes an additional authorization of \$50,000 on April 28, 2004. Through June 30, 2004, a total of 112,429,000 shares at an aggregate cost of \$776,118 have been purchased and retired. The Company purchased 2,412,000 shares at a total cost of \$74,369 during the six months ended June 30, 2004.

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 11. Segment Information - The Company defines its business segments in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 establishes standards for the way public business enterprises report financial information about operating segments in financial statements. SFAS 131 also requires additional disclosures about product and services, geographic areas, and major customers.

The Company evaluates financial performance of its operating segments based on Income from operations. The operations and organizational structure of the Company are established into separate business units that offer business solutions tailored for particular market segments. Reportable segments are: Private Banking and Trust, Investment Advisors, Enterprises, Money Managers, and Investments in New Businesses. The accounting policies of the reportable segments are the same as those described in Note 1.

Private Banking and Trust provides investment processing, fund processing, and investment management solutions to banks and other trust institutions located in the United States and Canada. Investment Advisors provides investment management solutions to affluent investors through a network of independent registered investment advisors, financial planners and other investment professionals in the United States. Enterprises provides retirement and treasury solutions to corporations, unions, municipalities, and hospitals and an endowment solution for the not-for-profit market in the United States. Money Managers provides mutual and pooled fund processing and investment processing solutions to investment managers and mutual fund companies located in the United States and to investment managers worldwide of alternative asset classes such as hedge funds, fund of funds, and private equity funds. Investments in New Businesses provides investment management and fund processing solutions to investment advisors, corporations, and money managers located outside the United States, as well as expanding our investment solutions to include affluent families located in the United States.

The information in the following tables is derived from the Company's internal financial reporting used for corporate management purposes. There are no inter-segment revenues for the three and six months ended June 30, 2004 and 2003. Management evaluates Company assets on a consolidated basis during interim periods.

The following tables highlight certain unaudited financial information about each of the Company's segments for the three months ended June 30, 2004 and 2003.

	<u>Private Banking and Trust</u>	<u>Investment Advisors</u>	<u>Enterprises</u>	<u>Money Managers</u>	<u>Investments In New Businesses</u>	<u>General and Administrative</u>	<u>Total</u>
For the Three Month Period Ended June 30, 2004							
Revenues	\$ 74,184	\$ 43,048	\$ 16,035	\$ 19,044	\$ 16,851		\$ 169,162
Operating income (loss)	\$ 29,628	\$ 23,489	\$ 7,212	\$ 3,968	\$ (4,288)	\$ (7,811)	\$ 52,198
Other income, net							\$ 12,435
Income before income taxes							\$ 64,633
Depreciation and amortization	\$ 2,233	\$ 620	\$ 193	\$ 325	\$ 406	\$ 237	\$ 4,014
Capital expenditures	\$ 11,275	\$ 3,541	\$ 1,610	\$ 1,120	\$ 1,933	\$ 1,017	\$ 20,496
For the Three Month Period Ended June 30, 2003							
Revenues	\$ 80,177	\$ 37,079	\$ 14,367	\$ 13,219	\$ 11,383		\$ 156,225
Operating income (loss)	\$ 33,436	\$ 20,182	\$ 6,317	\$ 2,309	\$ (5,150)	\$ (4,835)	\$ 52,259
Other income, net							\$ 2,140
Income before income taxes							\$ 54,399
Depreciation and amortization	\$ 2,496	\$ 805	\$ 205	\$ 305	\$ 301	\$ 135	\$ 4,247
Capital expenditures	\$ 3,900	\$ 1,362	\$ 619	\$ 427	\$ 974	\$ 390	\$ 7,672

The following tables highlight certain unaudited financial information about each of the Company's segments for the six months ended June 30, 2004 and 2003.

	Private Banking and Trust	Investment Advisors	Enterprises	Money Managers	Investments In New Businesses	General and Administrative	Total
For the Six Month Period Ended June 30, 2004							
Revenues	\$ 148,777	\$ 86,231	\$ 32,270	\$ 35,948	\$ 33,097		\$ 336,323
Operating income (loss)	\$ 57,131	\$ 47,310	\$ 15,056	\$ 6,884	\$ (9,013)	\$ (15,597)	\$ 101,771
Other income, net							\$ 24,680
Income before income taxes							\$ 126,451
Depreciation and amortization	\$ 4,617	\$ 1,285	\$ 396	\$ 643	\$ 792	\$ 483	\$ 8,216
Capital expenditures	\$ 16,180	\$ 5,125	\$ 2,330	\$ 1,626	\$ 3,011	\$ 1,471	\$ 29,743
For the Six Month Period Ended June 30, 2003							
Revenues	\$ 159,237	\$ 72,992	\$ 28,391	\$ 25,622	\$ 22,824		\$ 309,066
Operating income (loss)	\$ 67,037	\$ 39,785	\$ 12,753	\$ 4,279	\$ (9,596)	\$ (10,486)	\$ 103,772
Other income, net							\$ 6,322
Income before income taxes							\$ 110,094
Depreciation and amortization	\$ 5,086	\$ 1,629	\$ 415	\$ 617	\$ 614	\$ 266	\$ 8,627
Capital expenditures	\$ 6,628	\$ 2,185	\$ 993	\$ 711	\$ 1,629	\$ 627	\$ 12,773

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(In thousands, except asset balances and per share data)

This discussion reviews and analyzes the consolidated financial condition at June 30, 2004 and 2003, the consolidated results of operations for the three and six months ended June 30, 2004 and 2003 and other key factors that may affect future performance. This discussion should be read in conjunction with the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements.

Overview

SEI Investments Company is a leading global provider of outsourcing business solutions for investment processing, mutual fund processing, and investment management for the financial services industry. As of June 30, 2004, through our subsidiaries and partnerships in which we have a significant interest, we managed approximately \$100 billion in assets and administered approximately \$282 billion in mutual fund and pooled assets.

Our mission is to deliver comprehensive business solutions to clients by focusing on innovative, complete business solutions strongly enabled by technology. These business solutions employ an operational model that is both scalable and leverageable across all business lines. This enables us to deliver solutions that can satisfy the needs of our clients regardless of the financial sector in which our clients operate.

Products and Services

Investment Processing

The investment processing solution utilizes our proprietary software system to track investment activities in multiple types of investment accounts, including personal trust, corporate trust, institutional trust, and non-trust investment accounts. This core accounting application offers investment functionality to administer investment accounting, client administration, portfolio analysis, reporting, and trade-order processing for both domestic and global securities. The investment processing solution allows banks and trust companies to outsource trust and investment related functions through either an application services provider ("ASP") model or a business services provider ("BSP") model. Revenues are primarily earned as monthly fees for contracted services including computer processing services, software licenses, and trust operations services. Revenues are also earned as transaction-based fees for providing securities valuation and trade-execution services.

Investment Management Programs

Investment management programs consist of mutual funds, alternative investments and separate accounts offering a range of investment solutions to help clients satisfy their investment management requirements. These include a series of money market, equity, fixed-income and alternative investment portfolios, primarily in the form of registered investment companies. We serve as the administrator for the mutual funds and also act as the investment advisor for many of these products. Revenues are primarily earned as a percentage of average assets under management.

Fund Processing

We offer a full range of administration and distribution support services to mutual funds, collective funds, hedge funds, fund of funds, private equity funds and other types of investment funds. Typically, the client is the fund sponsor and investment advisor, and the funds are sold to customers of the client. Administration services include fund accounting, trustee and custodial support, legal support, transfer agency and shareholder servicing. Distribution support services range from providing high level market and industry insight and analysis to identifying distribution opportunities and establishing a sound marketing strategy to launch new products. Revenues from our fund processing solution are earned as a percentage of average assets under administration of the fund complexes sponsored by our clients.

Business Segments

Products and services are offered as complete outsourced business solutions to the financial services industry. We are organized around our target markets. Financial information about each segment is contained in Note 11 to the Consolidated Financial Statements. Our business segments are:

Private Banking and Trust – provides investment processing, fund processing, and investment management solutions to banks and other trust institutions located in the United States and Canada;

Investment Advisors – provides investment management solutions to affluent investors through a network of independent registered investment advisors, financial planners, and other investment professionals in the United States;

Enterprises – provides retirement and treasury solutions to corporations, unions, municipalities, and hospitals, and an endowment solution for the not-for-profit market in the United States;

Money Managers – provides mutual and pooled fund processing and investment processing solutions to investment managers and mutual fund companies in the United States and to investment managers worldwide of alternative asset classes such as hedge funds, fund of funds, and private equity funds; and

Investments in New Businesses – provides investment management and fund processing solutions to investment advisors, corporations, and money managers located outside the United States. This segment also includes our investment solutions offered to affluent families located in the United States.

Financial Results

Revenues, Expenses and Income from Operations by segment for the three and six months ended June 30, 2004 compared to the three and six months ended June 30, 2003 were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2004	2003	Percent Change	2004	2003	Percent Change
Revenues						
Private Banking and Trust:	\$ 74,184	\$ 80,177	(7)%	\$ 148,777	\$ 159,237	(7)%
Investment Advisors:	43,048	37,079	16%	86,231	72,992	18%
Enterprises:	16,035	14,367	12%	32,270	28,391	14%
Money Managers:	19,044	13,219	44%	35,948	25,622	40%
Investments in New Businesses:	16,851	11,383	48%	33,097	22,824	45%
Total Consolidated Revenues:	169,162	156,225	8%	336,323	309,066	9%
Operating and development expenses						
Private Banking and Trust:	33,273	37,011	(10)%	71,083	73,890	(4)%
Investment Advisors:	11,843	10,355	14%	24,339	20,383	19%
Enterprises:	4,179	3,503	19%	8,249	7,065	17%
Money Managers:	11,500	7,827	47%	21,974	15,141	45%
Investments in New Businesses:	13,801	11,268	22%	27,683	21,775	27%
Total Operating and development expenses	74,596	69,964	7%	153,328	138,254	11%
Sales and marketing expenses						
Private Banking and Trust:	11,283	9,730	16%	20,563	18,310	12%
Investment Advisors:	7,716	6,542	18%	14,582	12,824	14%
Enterprises:	4,644	4,547	2%	8,965	8,573	5%
Money Managers:	3,576	3,083	16%	7,090	6,202	14%
Investments in New Businesses:	7,338	5,265	39%	14,427	10,645	36%
Total Sales and marketing expenses	34,557	29,167	18%	65,627	56,554	16%
General and administrative	7,811	4,835	62%	15,597	10,486	49%
Total Consolidated Costs and Expenses:	116,964	103,966	13%	234,552	205,294	14%
Income from Operations						
Private Banking and Trust:	29,628	33,436	(11)%	57,131	67,037	(15)%
Investment Advisors:	23,489	20,182	16%	47,310	39,785	19%
Enterprises:	7,212	6,317	14%	15,056	12,753	18%
Money Managers:	3,968	2,309	72%	6,884	4,279	61%
Investments in New Businesses:	(4,288)	(5,150)	17%	(9,013)	(9,596)	6%
General and administrative	(7,811)	(4,835)	(62)%	(15,597)	(10,486)	(49)%
Total Consolidated Income from Operations:	52,198	52,259	—	101,771	103,772	(2)%
Other income, net	12,435	2,140	481%	24,680	6,322	290%
Income before income taxes	64,633	54,399	19%	126,451	110,094	15%
Income taxes	23,429	20,128	16%	45,838	40,735	13%
Net income	\$ 41,204	\$ 34,271	20%	\$ 80,613	\$ 69,359	16%
Diluted earnings per share	\$.39	\$.32	23%	\$.76	\$.64	19%

Asset Balances

(In millions)

	As of June 30,		Percent Change
	2004	2003	
Assets invested in equity and fixed-income programs	53,821	44,755	20%
Assets of unconsolidated affiliate invested in equity and fixed-income programs	21,462	10,755	100%
Assets invested in collective trust fund programs	11,985	10,027	20%
Assets invested in liquidity funds	12,789	20,156	(37)%
Assets under management	100,057	85,693	17%
Client proprietary assets under administration	182,616	149,484	22%
Assets under management and administration	\$ 282,673	\$ 235,177	20%

Asset figures shown above represent assets of our clients or their customers for which we provide management and/or administrative services and are excluded from the accompanying balance sheets, since we do not own these assets. Assets of unconsolidated affiliate represent assets of their clients or their customers for which they provide management services. Assets invested in collective trust fund programs consist of total assets of our clients or their customers invested in our collective investment trust funds. Assets under management consist of total assets of our clients or their customers invested in our equity and fixed-income investment programs, collective trust fund programs, and liquidity funds for which we provide asset management services. Assets under management and administration consist of total assets of our clients or their customers for which we provide administrative services, including client proprietary fund balances for which we provide administration and/or distribution services.

Consolidated

Consolidated revenues increased \$12.9 million, or 8 percent, to \$169.2 million for the three months ended June 30, 2004 compared with the three months ended June 30, 2003. For the six months ended June 30, 2004, consolidated revenues increased \$27.3 million, or 9 percent, to \$336.3 million as compared to the prior year comparable period. Asset-based fees from our investment management programs accounted for the majority of

the increase in our revenues for both comparable periods as a result of higher levels of assets under management. The contributors to this growth were new client sales during the past year and the market appreciation in the value of assets managed for existing clients which primarily occurred during the past year. Fund processing fees from offshore and hedge funds increased significantly in both periods, mainly due to new client sales. However, fund processing fees earned from bank clients were significantly reduced in both comparable periods because of the loss of a large bank client in early 2003. This decline offset a substantial portion of the increase in fund processing revenues from our offshore and hedge fund clients. Fund processing fees in the third quarter of 2004 will be negatively impacted by the loss of a large bank client.

Income from operations and operating margin decreased in both comparable periods. Operating margins were 31 percent for the second quarter 2004 and 30 percent for the six months ended June 30, 2004, down from 34 percent for the three and six months ended June 30, 2003, respectively. Profitability growth was hindered during both periods by an increased level of non-capitalized investment spending in our technology and infrastructure for supporting new business solutions. A large portion of this investment spending is for the Desktop and Global Investment Processing Platforms. These platforms are expected to provide new revenue opportunities and increase operational efficiencies. Compensation costs increased in the comparable three and six month periods of 2004. Sales compensation costs increased primarily due to new sales events. Salary and incentive compensation expense also increased in 2004. Income from operations in both comparable periods benefited, however, from a reduction of direct expenses from the loss of large fund processing bank clients.

Business Segments

Private Banking and Trust

	Three Months Ended			Six Months Ended		
	June 30, 2004	June 30, 2003	Percent Change	June 30, 2004	June 30, 2003	Percent Change
Revenues:						
Investment processing fees	\$ 56,368	\$ 59,112	(5)%	\$ 112,221	\$ 115,790	(3)%
Fund processing fees	9,340	11,236	(17)%	19,041	23,571	(19)%
Investment management fees	8,476	9,829	(14)%	17,515	19,876	(12)%
Total revenues	\$ 74,184	\$ 80,177	(7)%	\$ 148,777	\$ 159,237	(7)%

Revenues declined \$6.0 million, or seven percent, in the three month period and \$10.5 million, or seven percent, in the six month period ended June 30, 2004.

The net decrease in both periods consisted of the following items:

- The loss of a large fund processing bank client in early 2003;
- Lower non-recurring investment processing project fees;
- Lower investment management fees from bank clients due to the discontinuation of our repurchase program in late 2003; partially offset by
- An increase in investment processing recurring revenues from the adoption of our BSP model.

Operating margins decreased to 40 percent, as compared to 42 percent in the three month period and to 38 percent, as compared to 42 percent in the six month period. Operating income decreased by \$3.8 million, or 11 percent, in the three month period and \$9.9 million, or 15 percent, in the six month period. The net decrease for both periods consisted of the following items:

- Increased non-capitalized technology spending related to the further development of our straight-through processing global platforms;
- Increased marketing expenses associated with the introduction of our new strategies;
- Increased compensation expenses; partially offset by
- A reduction in direct expenses from the loss of large fund processing bank clients.

For the six month period ended June 30, 2004, the decrease in operating margin and income also consisted of the following item:

- Expenses related to the relocation of our data center to our corporate headquarters that occurred in early 2004.

Investment Advisors

Revenues increased \$6.0 million, or 16 percent, in the three month period and \$13.2 million, or 18 percent, in the six month period ended June 30, 2004. The net increase in both periods consisted of the following item:

- Increased investment management fees from the appreciation of assets under management because of the general improvement of capital markets.

Operating margins increased to 55 percent, as compared to 54 percent in the three month period and remained flat at 55 percent during the six month period. Operating income increased \$3.3 million, or 16 percent, in the three month period and \$7.5 million, or 19 percent, in the six month period. The net increase for both periods consisted of the following items:

- An increase in revenues; less
- Increased non-capitalized investment spending in developing new products and services, mainly technology.

For the six month period ended June 30, 2004, the increase in operating margin and income was also partially offset by the following item:

- One-time costs incurred in connection with the migration of client data to a new platform for processing third party mutual funds.

Enterprises

Revenues increased \$1.7 million, or 12 percent, in the three month period and \$3.9 million, or 14 percent, in the six month period ended June 30, 2004. The net increase for both periods consisted of the following items:

- Asset funding from new sales of our retirement solutions during the past year; and
- Market appreciation of assets under management because of the general improvement of the capital markets.

Operating margins increased to 45 percent, as compared to 44 percent in the three month period and to 47 percent, as compared to 45 percent in the six month period. Operating income increased \$0.9 million, or 14 percent, in the three month period and \$2.3 million, or 18 percent, in the six month period. The net increase for both periods consisted of the following items:

- An increase in revenues; less
- Increased compensation costs, including salaries, sales and non-sales bonuses; and
- Increased non-capitalized investment spending in new services.

Money Managers

Revenues increased \$5.8 million, or 44 percent, in the three month period and \$10.3 million, or 40 percent, in the six month period ended June 30, 2004. The net increase for both periods consisted primarily of the following items:

- Sales of new business in the alternative investments marketplace; and
- Improved cash flows into product offerings from existing clients of all types.

Operating margins increased to 21 percent, as compared to 18 percent in the three month period and to 19 percent, as compared to 17 percent in the six month period. Operating income increased \$1.7 million, or 72 percent, in the three month period and \$2.6 million, or 61 percent, in the six month period. The net increase for both periods consisted of the following items:

- An increase in revenues; less
- Increased spending on personnel and other operating costs to support new business; and
- Increased spending relating to our newer strategies for separately managed accounts and total operational outsourcing.

Investments in New Businesses

Revenues increased \$5.5 million, or 48 percent, in the three month period and \$10.3 million, or 45 percent, in the six month period ended June 30, 2004. The net increase for both comparable periods consisted of the following items:

- New and existing investment management relationships established with institutions in Europe, the United Kingdom and Canada; and
- Market appreciation of assets under management because of the general improvement of the capital markets.

Losses from operations decreased \$0.9 million, or 17 percent, in the three month period and \$0.6 million, or six percent in the six month period. The net decrease in losses for both periods consisted of the following items:

- An increase in revenues; less

- Increased direct expenses associated with higher levels of assets from existing and new clients; and
- Increased spending on personnel and other operating costs to support new business.

Other

General and administrative expenses

General and administrative expenses primarily consist of corporate overhead costs and other costs not directly attributable to a reportable business segment. The increase in these expenses was primarily due to modifications to enhance our compliance procedures. We expect that the increased level of general and administrative expenses will continue.

Other Income

Other income on the accompanying Consolidated Statements of Operations consists of the following:

	Three Months Ended			Six Months Ended		
	June 30, 2004	June 30, 2003	Percent Change	June 30, 2004	June 30, 2003	Percent Change
Equity in the earnings of unconsolidated affiliate	\$ 10,680	\$ 4,861	120%	\$ 19,683	\$ 8,475	132%
Net gain / (loss) from investments	1,356	(4,076)	N/A	4,291	(4,182)	N/A
Interest income	904	1,365	(34)%	1,837	2,607	(30)%
Interest expense	(505)	(519)	(3)%	(1,131)	(1,087)	4%
Other	—	509	N/A	—	509	N/A
Total other income, net	\$ 12,435	\$ 2,140	481%	\$ 24,680	\$ 6,322	290%

Equity in the earnings of unconsolidated affiliate on the accompanying Consolidated Statements of Operations includes our less than 50 percent ownership in the general partnership of LSV (See Note 6 to the Consolidated Financial Statements). The increase in LSV's net earnings is due to an increase in assets under management.

Net gain (loss) from investments consists of the following:

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Realized gain (loss) from sales of marketable securities	\$ 1,082	\$ (403)	\$ 4,159	\$ (489)
Increase (decrease) in fair value of derivative financial instruments	296	(2,575)	(24)	(1,916)
Other-than-temporary declines in market value	—	—	—	(595)
Other realized gains (losses)	(22)	(1,098)	156	(1,182)
Net gain (loss) on investments	\$ 1,356	\$ (4,076)	\$ 4,291	\$ (4,182)

Derivative financial instruments are used to minimize the price risk associated with changes in the fair value of our seed investments in new investments being offered. These derivative financial investments did not qualify for hedge accounting under current accounting rules. As a result, changes in the fair value of these derivative financial instruments were recorded in current period earnings whereas the change in the fair value of the hedged asset will be realized upon sale in future period earnings. Management's decision to enter into derivative financial instruments that do not qualify for hedge accounting may cause volatility in quarterly earnings (See Note 5 to the Consolidated Financial Statements).

Management performs a review of all investments in marketable securities on a quarterly basis with regards to impairment. Factors considered in determining other-than-temporary impairment are significant or prolonged declines in the price of investments based on available market prices. Additional consideration is given to the ability to recover the carrying amount of the investment (See Note 4 to the Consolidated Financial Statements).

Other realized gains (losses) in 2003 includes the write-down of an equity investment in a private technology firm.

Interest income is earned based upon the amount of cash that is invested daily. Fluctuations in interest income recognized for one period in relation to another is due to changes in the average cash balance invested for the period and/or changes in interest rates.

Interest expense is directly attributable to our long-term debt and other borrowings. Interest expense for the six months ended June 30, 2004 increased over the comparable period mainly due to the interest costs associated with the Credit Facility agreement that was entered into on September 15, 2003.

Income Taxes

Our effective tax rates were 36.25 and 37.00 percent for the three and six months ended June 30, 2004 and 2003, respectively. The rate reduction in 2004, compared to 2003, was due to an increase in the amount of research and development expenditures for which we are claiming a tax credit and a reassessment of our valuation allowance for capital losses. Certain expenditures associated with research and development which qualified for a tax credit reduced our tax liability and effective tax rate.

Diluted Earnings per Common Share

Diluted earnings per share grew at a greater rate of growth as compared to net income because of a decrease in the number of shares used to calculate diluted earnings per share which is a direct result of our stock repurchase program.

Trends, Uncertainties, and Other Factors

The general business climate that existed during the past few years included volatile capital markets, economic uncertainty and delayed strategic decisions by our clients and by the customers of our clients. This resulted in reduced asset-based fees due to fewer assets under management and administration, greater levels of redemptions of existing assets, and reduced inflows of new assets. If the economy continues to recover, we are optimistic about our ability to generate new business and cross-sell our services to existing clients as they seek new alternatives to generate revenue growth while controlling costs. Adverse volatility in the capital markets, however, could negatively affect our future revenues and earnings.

As has been the case in prior years, consolidations among our bank clients continue to be a strategic challenge for our Private Banking and Trust segment. The impact of bank consolidations, including recent merger announcements, could positively or negatively alter our client base and significantly affect our revenues and earnings.

Over the last three years, the fund processing business in the large bank market has seen substantial commoditization. This has caused fee compression, while the level of services required by our clients has increased. These factors have had a significant effect on our profitability for this line of business. In response to this trend, we have developed a long-term strategy that treats mutual fund services as a single component of a full back and middle office business outsourcing solution. We believe that this new strategy will enhance this product offering as part of a larger solution.

One of our primary competitors in the investment processing business announced their intention to exit this business. We are currently seeking to establish new relationships with the clients of this competitor as they pursue new providers. We believe this presents us with opportunities to acquire new bank clients of our investment processing solutions.

The Investment Advisors segment is currently reshaping our advisor distribution force into a focused distribution channel supported by our business platforms by concentrating our efforts on those advisors that generate the majority of our business. By providing a more comprehensive range of investment products and business solutions to a smaller number of clients, we believe we will enable our clients to better serve their customers and allow them to further grow their business. We will continue to allow those advisors outside of our core network to maintain their relationship with us; however, we will not offer any new services to them. This could lead to an increase in the level of redemptions in assets under management.

We expect continued investment in new initiatives related to the development of new platform solutions that can be leveraged across our business segments both in the United States and globally. These investments are centered on creating new solutions by developing new technologies, customizing and integrating purchased technology components and building the necessary infrastructure to support these new solutions. We expect these new solutions will allow us to grow our global asset management business and enter new markets such as the private banking outsource business in the United Kingdom and Europe.

Liquidity and Capital Resources

	Six Months Ended	
	June 30, 2004	June 30, 2003
Net cash provided by operating activities	\$ 77,459	\$ 64,503
Net cash used in investing activities	(15,813)	(6,310)
Net cash used in financing activities	(98,716)	(67,646)
Net decrease in cash and cash equivalents	(37,070)	(9,453)
Cash and cash equivalents, beginning of period	199,953	165,724
Cash and cash equivalents, end of period	\$ 162,883	\$ 156,271

Cash requirements and liquidity needs are primarily funded through our cash flow from operations and our capacity for additional borrowing. We currently have a Credit Facility that provides for borrowings of up to \$200.0 million. The availability of the Credit Facility is subject to compliance with certain covenants set forth in the agreement. The Credit Facility is scheduled to expire on September 13, 2004. Management intends to renew or replace the Credit Facility prior to its expiration (See Note 8 to the Consolidated Financial Statements). At June 30, 2004, our unused sources of liquidity consisted of unrestricted cash and cash equivalents of \$162.9 million and the full amount available through the Credit Facility of \$200.0 million.

Net cash provided by operating activities increased during the first six months of 2004 as compared to 2003 primarily due to an increase in net income.

Net cash used in investing activities primarily includes the capitalization of costs incurred in developing computer software, purchases and sales of available-for-sale securities and capital expenditures. Net cash used in investing activities increased about \$9.5 million during the first six months in 2004 as compared to the prior year period. This increase was primarily due to a higher amount of software development costs eligible for capitalization associated with the Desktop and Global Investment Processing Platforms (See Note 1 to the Consolidated Financial Statements). Expenditures for software development were \$14.6 million in 2004 and \$2.4 million in 2003. Capital expenditures for property, plant and equipment were \$5.9 million in 2004 and \$10.3 million in 2003 and were primarily for the expansion of our corporate headquarters. We completed the construction on our new data center in early 2004.

Net cash used in financing activities primarily includes the repurchase of our common stock, principal payments on our debt, and dividend payments. We made principal payments of \$9.2 million relating to our debt arrangements in 2004. Our debt is subject to various covenants contained in each lending agreement. Currently these covenants do not negatively affect our liquidity (See Note 9 to the Consolidated Financial Statements).

Our Board of Directors has authorized the repurchase of our common stock of up to \$803.4 million. Through July 31, 2004, we repurchased approximately 112.5 million shares of our common stock at a cost of \$778.7 million and had \$24.7 million of authorization remaining for the purchase of our common stock under this program (See Note 10 to the Consolidated Financial Statements).

Cash dividends paid were \$19.7 million or \$.19 per share in the first six months of 2004 and \$13.7 million or \$.13 per share in the first six months of 2003. Our Board of Directors has indicated its intention to continue making cash dividend payments.

We have no off-balance sheet financing arrangements or transactions with structured finance and special purpose entities. Our off-balance sheet commitments are generally limited to future payments under non-cancelable operating leases for facilities, data processing equipment, and software and other maintenance agreements.

We believe our operating cash flow, available borrowing capacity, and existing cash and cash equivalents should provide adequate funds for continuing operations; continued investment in new products and equipment; our common stock repurchase program; expansion of our corporate campus; future dividend payments; and principal and interest payments on our long-term debt.

Forward-Looking Information and Risk Factors

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. Certain information contained in this discussion is or may be considered forward-looking. Forward-looking statements relate to future operations, strategies, financial results or other developments. Forward-looking statements are based upon estimates and assumptions that involve certain risks and uncertainties, many of which are beyond our control or are subject to change. Although we believe our assumptions are reasonable, they could be inaccurate. Our actual future revenues and income could differ materially from our expected results. We have no obligation to publicly update or revise any forward-looking statements.

Among the risks and uncertainties which may affect our future operations, strategies, financial results or other developments are those risks described in our latest Annual Report on Form 10-K. These risks include the following:

- changes in capital markets that may affect our revenues and earnings;
- changes in interest rates;
- the performance of the funds we manage;
- consolidation within our target markets, including consolidations between banks and other financial institutions;
- systems and technology risks;
- operational risks associated with the processing of investment transactions;
- third party approval of our investment products with advisors affiliated with independent broker-dealers or other networks;
- retention of senior management personnel; and
- the effect of extensive governmental regulation.

The Company and our clients are subject to extensive governmental regulation. Our various business activities are conducted through entities which may be registered with the Securities and Exchange Commission (“SEC”) as an investment adviser, a broker-dealer, a transfer agent, an investment company or with the United States Office of Thrift Supervision or state banking authorities as a trust company. Our broker-dealer is also a member of the National Association of Securities Dealers and is subject to its rules and oversight. In addition, various subsidiaries of the Company are registered with, and subject to the oversight of, regulatory authorities in the United Kingdom and the Republic of Ireland. Many of our clients are subject to substantial regulation by federal and state banking, securities or insurance authorities or the Department of Labor. Compliance with existing and future regulations and responding to and complying with recent regulatory activity affecting broker-dealers, investment companies and their service providers could have a significant impact on us. We have responded and are currently responding to various regulatory examinations and requests and are generally implementing changes and reviewing our compliance procedures and business operations. These activities resulted in increased general and administrative costs during the six month period ended June 30, 2004 and are expected to result in higher general and administrative costs, in amounts which may be material and which could affect our future operations and financial results.

We offer investment and banking products that also are subject to regulation by the federal and state securities and banking authorities, as well as non-United States regulatory authorities, where applicable. Existing or future regulations that affect these products could lead to a reduction in sales of these products. Directed brokerage payment arrangements offered by us are also subject to the SEC and other federal regulatory authorities. Changes in the regulation of directed brokerage or soft dollar payment arrangements could affect sales of some services, primarily our brokerage services.

During an examination of SIDCO in mid-2003, the Philadelphia regional office of the SEC identified violations in early 2003 and prior periods of certain provisions of the Securities Exchange Act of 1934 (“Act”), including violations of the Act’s net capital, customer protection, reporting and books and records provisions. These violations resulted in part from amounts attributable to a SIDCO affiliate being commingled in a SIDCO account established pursuant to the customer protection provisions of Rule 15c3-3(k)(2)(i). On July 14, 2004, the SEC accepted SIDCO’s offer of settlement covering these deficiencies, pursuant to which SIDCO has been censured, ordered to cease and desist from committing or causing violations of the applicable provisions of the Act and rules thereunder and pay a civil monetary penalty of \$375,000, which was recorded in 2003. In addition, SIDCO has agreed to continue to retain Deloitte and Touche, LLP to conduct a review and make findings and recommendations to SIDCO, with a copy to the SEC, regarding SIDCO’s internal controls, policies, procedures, organizational structure and staffing and to review SIDCO’s implementation of any such recommendations within 30 days after the first and second anniversaries of the date of SIDCO’s acknowledgement to the SEC of its implementation of such recommendations.

Pursuant to a separate settlement with the SEC, SEI Investments Company has agreed to cease and desist from causing SIDCO’s noted violations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk – Our exposure to changes in interest rates primarily relates to our investment portfolio and long-term debt obligations. Our excess cash is principally invested in short-term, highly liquid financial instruments, mainly money market funds, with initial maturities of three months or less. Our investment portfolio also includes some long-term fixed-income mutual funds, principally invested in federal government agency securities. We place our investments in financial instruments that meet high credit quality standards. A portion of our long-term debt is based upon a variable rate which renews every three months. While changes in interest rates could decrease interest income or increase interest expense, we do not believe that we have a material exposure to changes in interest rates. We do not undertake any specific actions to cover our exposure to interest rate risk and are not a party to any interest rate risk management transactions.

Concentration of Credit Risk – Financial instruments that potentially expose us to concentrations of credit risk consist primarily of cash equivalents, marketable securities and trade receivables. Cash equivalents are principally invested in short-term money market funds or placed with major banks and high credit qualified financial institutions. Concentrations of credit risk with respect to our receivables are limited due to the large number of clients and their dispersion across geographic areas. No single group or customer represents greater than ten percent of total accounts receivable.

Foreign Currency Risk – We transact business in the local currencies of various foreign markets located principally in Canada, Europe and Asia. The total of all of our foreign operations only accounts for less than ten percent of total consolidated revenues. Also, most of our foreign operations match local currency revenues with local currency costs. Due to these reasons, we do not hedge against foreign operations nor do we expect any material loss with respect to foreign currency risk.

Price Risk – We are exposed to price risk associated with changes in the fair value of investments in marketable securities relating to the startup of new pooled investment offerings. The length of time that funds remain invested in these new pooled investment offerings is dependent on client subscriptions. We will redeem our investments as clients subscribe to these new investment offerings. To provide protection against potential fair value changes for these investments, we have entered into various derivative financial instruments. As of June 30, 2004, we held derivative financial instruments with a notional amount of \$24.4 million with various terms, generally less than two years. These derivative financial investments did not qualify for hedge accounting under current accounting rules. As a result, changes in the fair value of the derivative financial instruments are recognized in current period earnings, whereas, the change in the fair value of the investment is recorded on the balance sheet in accumulated other comprehensive income. Therefore, changes in the fair value of the derivative financial instrument and changes in the fair value of the investment are not recognized through earnings in the same period. We did not enter into or hold any derivative financial instruments for trading purposes during 2004 or 2003.

Earnings for the first six months of 2003 includes a loss of \$1.9 million relating to changes in the fair value of derivative financial instruments. Losses for the first six months of 2004 were immaterial. The aggregate effect of a hypothetical ten percent change in the fair value of these derivative financial instruments would not be material to our results of operations, financial position, or liquidity. We recorded an impairment charge of \$0.6 million in 2003 related to other-than-temporary declines in the fair value of certain securities held within our investment portfolio. We did not record an impairment charge related to other-than-temporary declines in fair market value in 2004.

Market Risk – A significant portion of our revenues are based upon the market value of assets we manage or administer. A decline in the market value of these assets as a result of changes in market conditions, the general economy or other factors will negatively impact our revenues and earnings.

Item 4. Controls and Procedures**(a) Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report are functioning effectively to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. A controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Change in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during the most recent fiscal period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

During an examination of SIDCO in mid-2003, the Philadelphia regional office of the SEC identified violations in early 2003 and prior periods of certain provisions of the Securities Exchange Act of 1934 ("Act"), including violations of the Act's net capital, customer protection, reporting and books and records provisions. These violations resulted in part from amounts attributable to a SIDCO affiliate being commingled in a SIDCO account established pursuant to the customer protection provisions of Rule 15c3-3(k)(2)(i). On July 14, 2004, the SEC accepted SIDCO's offer of settlement covering these deficiencies, pursuant to which SIDCO has been censured, ordered to cease and desist from committing or causing violations of the applicable provisions of the Act and rules thereunder and pay a civil monetary penalty of \$375,000, which was recorded in 2003. In addition, SIDCO has agreed to continue to retain Deloitte and Touche, LLP to conduct a review and make findings and recommendations to SIDCO, with a copy to the SEC, regarding SIDCO's internal controls, policies, procedures, organizational structure and staffing and to review SIDCO's implementation of any such recommendations within 30 days after the first and second anniversaries of the date of SIDCO's acknowledgement to the SEC of its implementation of such recommendations.

Pursuant to a separate settlement with the SEC, SEI Investments Company has agreed to cease and desist from causing SIDCO's noted violations.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Our Board of Directors has authorized the repurchase of up to \$803.4 million of our common stock. Currently, there is no expiration date for our common stock repurchase program.

Information regarding the repurchase of common stock during the three months ended June 30, 2004 is as follows:

<u>For the month ended in the second quarter</u>	<u>Total number of shares purchased</u>	<u>Average price paid per share</u>	<u>Total number of shares purchased as part of the publicly announced repurchase program since inception</u>	<u>Maximum approximate value of shares that may yet be purchased</u>
April	650,000	29.66	111,615,000	\$ 50,566
May	407,500	29.01	112,023,000	38,744
June	406,000	28.32	112,429,000	27,247
	<u>1,463,500</u>	<u>\$ 29.11</u>		

Item 4. Submission of Matters to a Vote of Security Holders

On May 25, 2004, we held our annual meeting of shareholders (the "2004 Annual Meeting") at our corporate headquarters in Oaks, Pennsylvania. At our 2004 Annual Meeting, the shareholders voted on the following matters:

1. The election of one director with a term expiring at our 2006 Annual Meeting of Shareholders and three directors with a term expiring at our 2007 Annual Meeting of Shareholders:

<u>Name of Director</u>	<u>For the Term Expiring</u>	<u>Number of Votes For</u>	<u>Number of Votes Withheld</u>
Thomas W. Smith	2006	98,020,987	1,485,990
William M. Doran	2007	79,229,822	20,227,155
Howard D. Ross	2007	97,064,880	2,442,097
Alfred P. West, Jr.	2007	79,769,174	19,737,803

The terms of office of each of the following directors continued after the meeting:

Sarah W. Blumenstein
Richard B. Lieb
Kathryn M. McCarthy
Henry H. Porter, Jr.
Carmen V. Romeo

2. Ratification of the appointment of PricewaterhouseCoopers LLP as independent public accountants to examine SEI's consolidated financial statements for 2004:

<u>Number of Votes For</u>	<u>Number of Votes Against</u>	<u>Number of Votes Withheld</u>
95,777,636	3,611,431	117,910

Item 6. Exhibits and Reports on Form 8-K

- (a) The following is a list of exhibits filed as part of the Form 10-Q.
- 3.2 Amended and Restated Bylaws of the Company.
 - 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
 - 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
 - 32 Section 1350 Certifications.
- (b) Reports on Form 8-K
- On April 20, 2004, we furnished a report on Form 8-K for our First Quarter 2004 earnings announcement.
 - On April 29, 2004, we furnished a report on Form 8-K for an increase in our stock repurchase program.
 - On May 27, 2004, we furnished a report on Form 8-K for the declaration of a dividend payable to shareholders.

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 INVESTMENTS COMPANY

Date August 4, 2004

By /s/ Dennis J. McGonigle

Dennis J. McGonigle
Chief Financial Officer

AMENDED AND RESTATED
BY- LAWS
OF
SEI INVESTMENTS COMPANY
(a Pennsylvania Corporation)

ARTICLE I

Offices and Fiscal Year

Section 1.01. Registered Office. The registered office of the corporation in the Commonwealth of Pennsylvania shall be at 1 Freedom Valley Drive, Oaks, Pa 19456 until otherwise established by a vote of a majority of the board of directors in office, and a statement of such change is filed with the Department of State.

Section 1.02. Other Offices. The corporation may also have offices at such other places within or without the Commonwealth of Pennsylvania as the board of directors may from time to time appoint or the business of the corporation require.

Section 1.03. Fiscal Year. The fiscal year of the corporation shall begin on the first day of January in each year.

ARTICLE II

Meetings of Shareholders

Section 2.01. Place of Meeting. All meetings of the shareholders of the corporation shall be held at the registered office of the corporation unless another place is designated by the board of directors in the notice of such meeting.

Section 2.02. Annual Meeting. The board of directors may fix the date and time of the annual meeting of the shareholders, but if no such date and time is fixed by the board the meeting for any calendar year shall be held on the 10th day of May in such year, if not a legal holiday under the laws of Pennsylvania, and, if a legal holiday, then on the next succeeding business day, not a Saturday, at 10:00 o'clock A.M., and at said meeting the shareholders then entitled to vote shall elect directors and shall transact such other business as may properly be brought before the meeting. If the annual meeting shall not have been called and held during such calendar year, any shareholder may call such meeting at any time thereafter.

Section 2.03. Special Meetings. Special meetings of the shareholders of the corporation for any purpose or purposes may be called at any time by the chairman of the board, president or by the board of directors, or by shareholders entitled to cast at least one-fifth of the votes which all shareholders are entitled to cast at the particular meeting.

At any time, upon written request of any person or persons who have duly called a special meeting, which written request shall state the object of the meeting, it shall be the duty of the secretary to fix the date of the meeting to be held at such date and time as the secretary may fix, not less than five nor more than 60 days after the receipt of the request, and to give due notice thereof. If the secretary shall neglect or refuse to fix the date and time of such meeting and give notice thereof, the person or persons calling the meeting may do so.

Section 2.04. Notice of Meetings. Written notice of every meeting of the shareholders, whether annual or special, shall be given to each shareholder of record entitled to vote at the meeting, at least five days (ten days in the case of any annual or special meeting at which there is to be considered any amendment to the articles of the corporation, the sale of all or substantially all of its assets, or its merger with or consolidation into any other corporation) prior to the day named for the meeting. Every notice of a special meeting shall state briefly the purpose or purposes thereof, and no business, other than that specified in such notice and matters germane thereto, shall be transacted at any special meeting without further notice to shareholders not present in person or by proxy.

Whenever the language of a proposed resolution is included in a written notice of a meeting of shareholders the resolution may be adopted at such meeting with such clarifying or other amendments as do not enlarge its original purpose without further notice to shareholders not present in person or by proxy.

Section 2.05. Quorum, Manner of Acting and Adjournment. The presence in person or by proxy of shareholders entitled to cast a majority of the votes which all shareholders are entitled to cast on the particular matter shall constitute a quorum for the purpose of considering such matter. Treasury shares shall not be counted in determining the total number of outstanding shares for voting purposes at any give time. The shareholders present in person or by proxy at a duly organized meeting can continue to do business until adjournment, notwithstanding withdrawal of enough shareholders to leave less than quorum.

If a meeting cannot be organized because a quorum has not attended, the shareholders entitled to vote and present in person or represented by proxy may adjourn the meeting to such time and place as they may determine. At any such adjourned meeting at which a quorum may be present such business may be transacted as might have been transacted at the meeting as originally called. No notice of any adjourned meeting of the shareholders of the corporation shall be required to be given, except by announcement at the meeting. In case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing directors. Any meeting at which directors are to be elected shall be adjourned only from day to day, or for such longer periods not exceeding 15 days each, as may be directed by shareholders who are present in person or by proxy and who are entitled to cast at least a majority of the vote which all such shareholders would be entitled to cast at an election of directors, until such directors are, elected.

Except as otherwise specified in the articles or these by-laws or provided by statute, the acts, at a duly organized meeting, of the shareholders present, in person or by proxy, entitled to cast at least a majority of the votes which all shareholders present in person or by proxy are entitled to cast shall be the acts of the shareholders.

Section 2.06. Organization. At every meeting of the shareholders, the chairman of the board, if there be one, or in the case of vacancy in office or absence of the chairman of the board, one of the following officers present in the order stated: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, or a chairman chosen by the shareholders entitled to cast a majority of the votes which all shareholders present in person or by proxy are entitled to cast, shall act as chairman, and the secretary, or, in the absence of the secretary, an assistant secretary, or in the absence of both the secretary and assistant secretaries, a person appointed by the chairman, shall act as secretary.

Section 2.07. Voting. Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person

or persons to act for the shareholder by proxy. Every proxy shall be executed in writing by the shareholder or by the shareholder's duly authorized attorney in fact and filed with the secretary of the corporation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the secretary of the corporation. No unrevoked proxy shall be valid after 11 months from the date of its execution, unless a longer time is expressly provided therein, but in no event shall any proxy, unless coupled with an interest, be voted on after three years from the date of its execution. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the secretary of the corporation. A shareholder shall not sell a vote or execute a proxy to any person for any sum of money or anything of value. A proxy coupled with an interest shall include an unrevoked proxy in favor of a creditor of a shareholder and such proxy shall be valid as long as the debt owed by the shareholder to the creditor remains unpaid.

Every shareholder of record except the holder of shares which have been called for redemption and with respect to which an irrevocable deposit of funds has been made, shall have the right, at every shareholders' meeting, to such a vote for every share, and to such a fraction of a vote with respect to every fractional share of stock in the corporation standing in such shareholder's name on the books of the corporation as may be provided in the articles, and to one vote for every share, and to a fraction of a vote equal to every fractional share, if no express provision for voting rights is made in the articles. Treasury shares shall not be voted, directly or indirectly, at any meeting of shareholders or be counted in connection with the expression of consent or dissent to corporate action in writing without a meeting.

Section 2.08. Voting Lists. The officer or agent of the corporation having charge of the transfer books for shares of the corporation shall make, at least five days before each meeting of shareholders, a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list shall be kept on file at the registered office of the corporation, and shall be subject to inspection by any shareholder at any time during usual business hours. If the corporation has less than 5000 shareholders, such list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, kept in Pennsylvania, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book, or to vote, in person or by proxy, at any meeting of shareholders.

Section 2.09. Judges of Election. The vote upon any matter, including the election of directors, need not be by ballot. In advance of any meeting of shareholders the board of directors may appoint judges of election, who need not be shareholders, to act at such meeting or any adjournment thereof. If judges of election are not so appointed, the chairman of any such meeting may, and upon the demand of any shareholder or the shareholder's proxy at the meeting and before voting begins shall, appoint judges of election. The number of judges shall be either one or three, as determined in the case of judges appointed upon demand of a shareholder, by shareholders present entitled to cast a majority of the votes which all shareholders present are entitled to cast thereon. No person who is a candidate for office shall act as a judge. In case any person appointed as judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the board of directors, in advance of the convening of the meeting, or at the meeting by the chairman of the meeting.

If judges of election are appointed as aforesaid, they shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all

challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as may be proper to conduct the election or vote with fairness to all shareholders. If there be three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

On request of the Chairman of the meeting or of any shareholder or the shareholder's proxy, the judges shall make a report in writing of any challenge or question or matter determined by them, and execute a certificate of any fact found by them.

Section 2.10. Determination of Shareholders of Record. The board of directors may fix a date, not more than 90 days preceding the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or go into effect, as a record date for the determination of the shareholders entitled to notice of, or to vote at, any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights or to exercise the rights in respect to any such change, conversion or exchange of shares; and in such case, if otherwise entitled, all shareholders of record on the date so fixes, and no others, shall be entitled to notice of, or to vote at, such meeting, or to receive payment of such dividend or distribution or to receive such allotment of rights, or exercise such rights as the case may be, notwithstanding any transfer of any shares on the books of the corporation after any such record date fixes as aforesaid.

Unless a record date is fixed by the board of directors for such purpose, transferees of shares which are transferred on the books within ten days next preceding the date of such meeting shall not be entitled to notice of, or to vote at, such meeting.

Section 2.11. Consent of Shareholders in Lieu of Meeting. Any action which may be taken at a meeting of the shareholders or of a class of shareholders of the corporation may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be signed by all the shareholders who would be entitled to vote at a meeting of the shareholders or of a class of shareholders for such purpose and shall be filed with the secretary of the corporation.

If the articles so provide any action (except any action with respect to an amendment of articles or plan under which a class or classes of shareholders are by statute entitled to claim the right to valuation of and payment for their shares) which may be taken at a meeting of shareholders or of a class of shareholders may be taken without a meeting, if a consent or consent in writing to such action, setting forth the action so taken, shall be signed by shareholders entitled to cast two-thirds of the total number of votes which all shareholders of the corporation or of a class of shareholders are entitled by the articles to cast upon such action and shall be filed within the secretary of the corporation. Such action shall not become effective until after at least ten days' written notice of such action shall have been given to each shareholder of record entitled to vote thereon.

ARTICLE III

Board of Directors

Section 3.01. Powers; Personal Liability.

(a) The board of directors shall have full power to conduct, manage, and direct the business and affairs of the corporation; and all powers of the corporation, except those specifically reserved or granted to the shareholders by statute or by the articles or these by-laws, are hereby granted to and vested in the board of directors.

(b) A director of the corporation shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless the director has breached or failed to perform the duties of his or her office under 42 Pa.C.S. § 8363 and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this subsection shall not apply to the responsibility or liability of a director pursuant to any criminal statute or the liability of a director for the payment of taxes pursuant to local, state or federal law. The provisions of this subsection shall be effective January 27, 1987, but shall not apply to any action filed prior to that date nor to any breach of performance of duty or any failure of performance of duty by a director occurring prior to that date.

Section 3.02. Qualification and Election. All directors of the corporation shall be natural persons of full age, but need not be residents of Pennsylvania or shareholders in the corporation. Except in the case of vacancies, directors shall be elected by the shareholders. Upon the demand of any shareholder or the shareholder's proxy at any meeting of shareholders for the election of directors the chairman of the meeting shall call for and shall afford a reasonable opportunity for the making of nominations for the office of director. If the board of directors is classified with respect to the power to elect directors or with respect to the terms of directors and if, due to a vacancy or vacancies, or otherwise, directors of more than one class are to be elected, each class of directors to be elected at the meeting shall be nominated and elected separately. Any shareholder or the shareholder's proxy may nominate as many persons for the office of director as there are positions to be filled. If nominations for the office of director have been called for as herein provided only candidates who have been nominated in accordance therewith shall be eligible for election. The provisions of this Article III regarding the election and qualification of directors shall be subject to the provisions of a Purchase and Shareholder Agreement among SEI Corporation, the Sprout Investors and Alfred P. West, Jr. dated May 12, 1979 and the provisions of these By-laws shall apply only to the extent they are not inconsistent with said Purchase and Shareholders Agreement.

Unless the articles provided for straight voting, in all elections for directors every shareholder entitled to vote shall have the right to multiply the number of votes to which such shareholder may be entitled by the total number of directors to be elected in the same election by the holders of the class of shares of which his or her shares are a part, and may cast the whole number of such votes for one candidate or may distribute them among any two or more candidates. The candidates receiving the highest number of votes from each class or group of classes entitled to elect directors separately up to the number of directors to be elected in the same election by such class or group of classes shall be elected.

Section 3.03. Number and Term of Office. The board of directors shall consist of such number of directors, not less than three nor more than nine, as may be determined from time to time by resolution adopted by a vote of three-quarters of the entire board of directors. The board of directors shall be divided into three classes, which shall be as nearly equal in number as possible. Each director shall serve for a term of three years and until a successor shall have been elected and qualified, except in the event of death, resignation or removal. The three initial classes shall serve as provided in the Articles of Incorporation. The number of directors shall never be less than three, except that if all the shares of the corporation are owned beneficially and of record by either one or two shareholders, the number of directors may be less than three but not less than the number of shareholders.

Section 3.04. Organization. At every meeting of the board of directors, the chairman of the board, if there be one, or, in the case of a vacancy in the office or absence of the chairman of the board, one of the following officers present in the order stated: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, or a chairman chosen by a majority of the directors present, shall preside, and the secretary, or, in the absence of the secretary, an assistant secretary, or in the absence of the secretary and the assistant secretaries, any person appointed by the chairman of the meeting, shall act as secretary.

Section 3.05. Resignations. Any director of the corporation may resign at any time by giving written notice to the president or the secretary of the corporation. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.06. Vacancies. The board of directors may declare vacant the office of a director if such director be declared of unsound mind by an order of court, or convicted of felony, or for any other proper cause, or if within 60 days after notice of election, the director does not accept such office either in writing or by attending a meeting of the board of directors.

Any vacancy or vacancies in the board of directors because of death, resignation, removal, in any manner, other than under the provisions of Section 3.07 of this Article, disqualification, an increase in the number of directors, of any other cause, may be filled by a vote of the majority of the remaining members of the board of directors though less than a quorum, at any regular or special meeting; and the director or directors so elected shall hold office until the next election of the class for which such director shall have been elected and until a successor shall have been elected and qualified, or until death, resignation or removal.

Section 3.07. Removal. At any special meeting called for the purpose of removing or electing directors, the entire board of directors, or a class of the board where the board is classified with respect to the power to elect directors, or any individual director may be removed from office without assigning any cause as provided in the Articles of Incorporation. In case the board or such class of the board or any one or more directors be so removed, new directors may be elected at the same meeting. If shareholders are entitled to vote cumulatively for the board or a class of the board, no individual director shall be removed, unless the entire board or class of the board be removed, in case the votes of a sufficient number of shares are cast against the resolution for a removal, which, if cumulatively voted at an annual election of directors, would be sufficient to elect one more directors to the board or to the class.

Section 3.08. Place of Meeting. The board of directors may hold its meetings at such place or places within Pennsylvania, or elsewhere as the board of directors may from time to time appoint, or as may be designated in the notice calling the meeting.

Section 3.09. Organization Meeting. Immediately after each annual election of directors or other meeting at which the entire board of directors is elected, the newly elected board of directors shall meet for the purpose of organization, election of officers, and the transaction of other business, at the place where said election of directors was held. Notice of such meeting need not be given. Such organization meeting may be held at any other time or place which shall be specified in a notice given as thereafter provided for special meetings of the board of directors.

Section 3.10. Regular Meetings. Regular meetings of the board of directors shall be held at such time and place as shall be designated from time to time by resolution of the board of directors. If the date fixed for any such regular meeting be a legal holiday under the laws of the State where such meeting is to be held, then the same shall be held on the next succeeding business day, not a Saturday, or at such other time as may be determined by resolution of the board of directors. At such meetings, the directors shall transact such business as may properly be brought before the meeting. Notice of regular meetings need not be given.

Section 3.11. Special Meetings. Special meetings of the board of directors shall be held whenever called by the chairman of the board, president or by two or more of the directors. Notice of each such meeting shall be given to each director by telephone or in writing at least 24 hours (in the case of notice by telephone) or 48 hours (in the case of notice by telegram) or five days (in the case of notice by mail) before the time at which the meeting is to be held. Every such notice shall state the time and place of the meeting.

Notice of any special meeting of the board of directors during any emergency resulting from warlike damage or an attack on the United States or any nuclear or atomic disaster shall be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publication or radio.

Section 3.12. Quorum, Manner of Acting, and Adjournment. A majority of the directors in office shall be present at each meeting in order to constitute a quorum for the transaction of business. Except as otherwise specified in the articles or these by-laws or provided by statute, the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the board of directors. In the absence of quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum be present, and no notice of any adjourned meeting need be given, other than by announcement at the meeting. The directors shall act only as a board and the individual directors shall have no power as such, provided, however, that any action which may be taken at a meeting of the board may be taken without a meeting if a consent or consents in writing setting forth the action so taken shall be signed by all of the directors and shall be filed with the secretary of the corporation.

To the extent required to constitute a quorum at any meeting of the board of directors during any emergency resulting from warlike damage or an attack on the United States or any nuclear or atomic disaster the officers of the corporation who are present shall be deemed in order of rank and within the same rank in order of seniority, directors for such meeting.

Section 3.13. Executive and Other Committees. The board of directors, by resolution adopted by a majority of the whole board, may designate an Executive Committee, a Compensation Committee, an Audit Committee and one or more other committees, each committee to consist of two or more directors. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member of any meeting of the committee. In the absence or disqualification of a member, and the alternate or alternates, if any, designated for such member, of any committee the member or members thereof present at any meeting and not disqualified from voting, whether or not the member or members present constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member.

Except as otherwise provided in this section, the Executive Committee shall have and exercise all of the authority of the board in the management of the business and affairs of the corporation and any other committee shall have and exercise the authority of the board to the extent provided in the resolution designating the committee.

No such committee of the board shall have the authority of the board in reference to:

- (1) Amending the by-laws of the corporation;
- (2) Declaring any dividend;
- (3) Issuing any authorized but unissued share;

(4) Establishing and designating any class or series of shares and fixing and determining the relative rights and preferences thereof, changing the registered office of the corporation, or otherwise effecting any amendment of articles of the corporation; or

(5) Recommending to the shareholders any plan for the sale, lease or exchange of all or substantially all of the property and assets of the corporation, any amendment of articles, any plan of merger or consolidation, any voluntary dissolution of the corporation or any revocation of any election of the corporation to dissolve voluntarily.

In the case of the Executive Committee, all members of the directors in office designated to such committee, or directors designated to replace them as provided in this section shall be present at each meeting to constitute a quorum for the transaction of business and the acts of all, but not less than all of the directors in office designated to the Executive Committee or their replacements shall be the acts of such committee. In the case of all committees other than the Executive Committee, a majority of the directors in office designated to such committee, or directors designated to replace them as provided in this section, shall be present at each meeting to constitute a quorum for the transaction of business and the acts of a majority of the directors in office designated to such committee or their replacements shall be the acts of the committee.

Each committee shall keep regular minutes of its proceedings and report such proceedings periodically to the board of directors.

Unless otherwise provided in a resolution or charter approved by the board, Sections 3.10, 3.11 and 3.12 shall be applicable to each committee of the board of directors.

Subject to the foregoing limitations and provisions, the Executive Committee shall have and exercise the authority of the board set forth in this Section 3.14, and any other committee shall have and exercise the authority of the board to the extent provided in the resolution designating the committee or in the charter of such committee which has been approved by the board.

Section 3.14. Executive Committee. Except as otherwise provided in Section 3.13, the Executive Committee shall be composed of not less than three members of the board and shall have and exercise all of the authority of the board in the management of the business and affairs of the corporation.

Section 3.15. [Section Reserved]

Section 3.16. [Section Reserved]

Section 3.17. Interested Directors or Officers; Quorum. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because the director or officer is present at or participates in the meeting of the board which authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if:

(a) The material facts as to such interest and as to the contract or transaction are disclosed or are known to the board of directors and the board in good faith authorizes the contract or transaction by a vote sufficient for such purpose without counting the vote of the interested director or directors; or

(b) The material facts as to such interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transactions is specifically approved in good faith by vote of the shareholders; or

(c) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors or the shareholders.

Interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors which authorizes a contract or transaction specified in this section.

Section 3.18. Fees. Each director shall be paid such reasonable fee, if any, as shall be fixed by the board of directors for each meeting of the board of directors or committee of directors which such director shall attend and may be paid such other compensation for services as a director as may be fixed by the board of directors.

ARTICLE IV

Notice - Waivers - Meetings

Section 4.01. Notice, What Constitutes. Whenever written notice is required to be given to any person under the provisions of the articles, these by-laws, or the Business Corporation Law, it may be given to such person, either personally or by sending a copy thereof through the mail, or by telegraph, charges prepaid, to the address of such person appearing on the books of the corporation, or supplied by such person to the corporation for the purpose of notice. If the notice is sent by mail or by telegraph, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office for transmission to such person. A notice of a meeting shall specify the place, day and hour of the meeting and in the case of a special meeting of shareholders, the general nature of the business to be transacted.

Section 4.02. Waivers of Notice. Whenever any written notice is required to be given under the provisions of the articles, these by-laws, or the Business Corporation Law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of shareholders, neither the business to be transacted at, nor the purpose of, the meeting need be specified in the waiver of notice of such meeting.

Attendance of a person, either in person or by proxy, at any meeting, shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 4.03. Conference Telephone Meetings. One or more directors or shareholders may participate in a meeting of the board, of a committee of the board or of the shareholders by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ARTICLE V

Officers

Section 5.01. Number, Qualifications and Designation. The officers of the corporation shall be a president, one or more vice presidents, a secretary, a treasurer, and such other officers as may be elected in accordance with the provisions of Section 5.03 of this Article. One person may hold more than one office. Officers may but need not be directors or shareholders of the corporation. The president and secretary shall be natural persons of full age; the treasurer, however may be a corporation, but if a natural person shall be of full age. The board of directors may elect from among the members of the board a chairman of the board and a vice chairman of the board who shall be officers of the corporation.

Section 5.02. Election and Term of Office. The officers of the corporation, except those elected by delegated authority pursuant to Section 5.03 of this Article, shall be elected annually by the board of directors, and each such officer shall hold office until the next annual organization meeting of directors and until a successor shall have been duly chosen and qualified, or until death, resignation, or removal.

Section 5.03. Subordinate Officers, Committees and Agents. The board of directors may from time to time elect such other officers and appoint such committees, employees or other agents as the business of the corporation may require, including one or more assistant secretaries, and one or more assistant treasurers, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these by-laws, or as the board of directors may from time to time determine. The board of directors may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate offices, committees, employees or other agents.

Section 5.04. Resignations. Any officer or agent may resign at any time by giving written notice to the chairman of the board, if any, the board of directors, or to the president or the secretary of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.05. Removal. Any officer, committee, employee or other agent of the corporation may be removed, either for or without cause, by the board of directors or other authority which elected or appointed such officer, committee or other agent whenever in the judgment of such authority the best interests of the corporation will be served thereby.

Section 5.06. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause, shall be filled by the board of directors or by the officer or committee to which the power to fill such office has been delegated pursuant to Section 5.03 of this Article, as the case may be, and if the office is one for which these by-laws prescribe a term, shall be filled for the unexpired portion of the term.

Section 5.07. General Powers. All officers of the corporation as between themselves and the corporation, shall, respectively, have such authority and perform such duties in the management of the property and affairs of the corporation as may be determined by resolution of the board of directors, or in the absence of controlling provisions in a resolution of the board of directors, as may be provided in these by-laws.

Section 5.08. The Chairman and Vice Chairman of the Board. The chairman of the board or in the absence of the chairman, the vice chairman of the board, shall preside at all meetings of the shareholders and of the board of directors. The chairman of the board, if any, shall be the chief executive officer of the corporation and shall have general supervision over the business and operations of the corporation, subject, however, to the control of the board of directors, and shall have power to sign, execute and acknowledge, in the name of the corporation, deeds, mortgages, bonds, contracts or other instruments, authorized by the board of directors, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors or by these by-laws to some other officer or agent of the corporation; and, in general, shall perform all duties incident to the office of the chief executive officer, and such other duties as from time to time may be assigned to him by the board of directors.

Section 5.09. The President. The president shall be the chief administrative officer of the corporation and shall have general supervision over the operations of the corporation, subject, however, to the control of the chairman of the board and the board of directors, and, in the absence of the chairman of the board or in the event of the inability of the chairman of the board to act or in the event of a vacancy in the office of chairman of the board, shall perform the duties and shall have all the powers delegated to the chairman of the board pursuant to Section 5.08, except those delegated to the vice chairman of the board as to meetings of the board and shareholders. The president shall be empowered to sign, execute and acknowledge, in the name of the corporation, deeds, mortgages, bonds, contracts or other instruments, authorized by the board of directors, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors or by these by-laws to some other officer or agent of the corporation; and, in general, shall perform all duties incident to the office of chief administrative officer, and such other duties as from time to time may be assigned to him by the chairman of the board or by the board of directors.

Section 5.10. The Vice Presidents. The vice presidents shall perform the duties of the president in his absence and such other duties as may from time to time be assigned to them by the board of directors, the chairman of the board or by the president; provided, that if in electing any vice president the board of directors specifically describes his duties and authority then the powers of such vice president shall be limited to those duties and authority conferred upon him by the resolution electing him a vice president.

Section 5.11. The Secretary. The secretary or an assistant secretary shall attend all meetings of the shareholders and of the board of directors and shall record all the votes of the shareholders and of the directors and the minutes of the meetings of the shareholders and of the board of directors and of committees of the board in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the corporation as required by law; shall be the custodian of the seal of the corporation and see that it is affixed to all documents to be executed on behalf of the corporation under its seal; and, in general, shall perform all duties incident to the office of secretary, and such other duties as may from time to time be assigned by the board of directors, the chairman of the board or the president.

Section 5.12. The Treasurer. The treasurer or an assistant treasurer shall have or provide for the custody of the funds or other property of the corporation and shall keep a separate book account of the same to his or her credit as treasurer; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the corporation; shall deposit all funds in his or her custody as treasurer in such banks or other places of deposit as the board of directors may from time to time designate; shall, whenever so required by the board of directors, render an account showing all

transactions as treasurer, and the financial condition of the corporation; and, in general, shall discharge such other duties as may from time to time be assigned by the board of directors, the chairman of the board or the president.

Section 5.13. Officers' Bonds. Any officer shall give a bond for the faithful discharge of the duties of the officer in such sum, if any, and with such surety or sureties as the board of directors shall require.

Section 5.14. [Section Reserved]

ARTICLE VI

Certificates of Stock, Transfer, Etc.

Section 6.01. Issuance. The share certificates of the corporation shall be numbered and registered in the share ledger and transfer books of the corporation as they are issued. They shall be signed by the president or a vice president and by the secretary or an assistant secretary or the treasurer or an assistant treasurer, and shall bear the corporate seal, which may be a facsimile, engraved or printed but where such certificate is signed by a transfer agent or a registrar the signature of any corporate officer upon such certificate may be a facsimile, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation or otherwise, before the certificate is issued, it may be issued with the same effect as if the officer had not ceased to be such at the date of its issue. Share certificates also may bear a notice or restriction of transferability pursuant to any agreements between shareholders and the corporation.

Section 6.02. Transfer. Transfers of shares shall be made on the books of the corporation upon surrender of the certificates therefor, endorsed by the person named in the certificate or by attorney lawfully constituted in writing. No transfer shall be made inconsistent with the provisions of the Uniform Commercial Code, 12A P.S. §§8-101 et seq., and its amendments and supplements. No transfer shall be made in violation of any agreement between shareholders and the corporation, providing a reference to such agreement is made on the share certificate and the corporation is a party to the agreement in which case the terms and conditions contained in such agreement regarding the sale or other transfer of the shares be and are hereby incorporated herein.

Section 6.03. Share Certificates. Certificates for shares of the corporation shall be in such form as provided by statute and approved by the board of directors. The share record books and the blank share certificate books shall be kept by the secretary or by any agency designated by the board of directors for that purpose. Every certificate exchanged or returned to the corporation shall be marked "Cancelled", with the date of cancellation.

Section 6.04. Record Holder of Shares. The corporation shall be entitled to treat the person in whose name any share or shares of the corporation stand on the books of the corporation as the absolute owner thereof, and shall not be bound to recognize any equitable or other claim to, or interest in, such share or shares on the part of any other person.

Section 6.05. Lost, Destroyed or Mutilated Certificates. The holder of any shares of the corporation shall immediately notify the corporation of any loss, destruction or mutilation of the certificate therefor, and the board of directors may, in its discretion, cause a new certificate or certificates to be issued to such holder, in case of mutilation of the certificate, upon the surrender of the mutilated certificate, or, in case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction, and, if the board of directors shall so determine, the deposit of a bond in such form and in such sum, and with such surety or sureties, as it may direct.

Section 6.06. Rights Agreement; Transferability. Rights issued pursuant to the Rights Agreement, dated December 19, 1988, between the corporation and American Stock Transfer & Trust Company (the “Rights Agreement”) may be transferred by an Acquiring Person or an Associate or Affiliate of an Acquiring Person (as such terms are defined in the Rights Agreement) only in accordance with the terms of, and subject to the restrictions contained in, the Rights Agreement.

ARTICLE VII

Indemnification of Directors, Officers, Etc.

Section 7.01. Scope of Indemnification.

(a) The corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise, by reason of the fact that such person is or was serving in an indemnified capacity, including without limitation liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except where such indemnification is expressly prohibited by applicable law or where the conduct of the indemnified representative has been determined pursuant to Section 7.06 to constitute willful misconduct or recklessness within the meaning of 42 Pa.C.S. § 8365(b) or any superseding provision of law, sufficient in the circumstances to bar indemnification against liabilities arising from the conduct.

(b) If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the corporation shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(c) The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the indemnified representative is not entitled to indemnification.

(d) For purposes of this Article:

(1) “indemnified capacity” means any and all past, present and future service by an indemnified representative in one or more capacities as a director, officer, employee or agent of the corporation, or, at the request of the corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;

(2) “indemnified representative” means any and all directors and officers of the corporation and any other person designated as an indemnified representative by the board of directors of the corporation (which may, but need not, include any person serving at the request of the corporation, as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);

(3) “liability” means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense of any nature (including, without limitation, attorneys’ fees and disbursements); and

(4) “proceeding” means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the corporation, a class of its security holders or otherwise.

Section 7.02. Proceedings Initiated by Indemnified Representatives. Notwithstanding any other provision of this Article, the corporation shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter-claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the directors in office. This section does not apply to reimbursement of expenses incurred in successfully prosecuting or defending an arbitration under Section 7.06 or otherwise-successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

Section 7.03. Advancing Expenses. The corporation shall pay the expenses (including attorneys’ fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of a proceeding described in Section 7.01 or 7.02 upon receipt of an undertaking by or on behalf of the indemnified representative to repay such amount if it shall ultimately be determined pursuant to Section 7.06 that such person is not entitled to be indemnified by the corporation pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance.

Section 7.04. Securing of Indemnification Obligations. To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the board of directors shall deem appropriate. Absent fraud, the determination of the board of directors with respect to such amounts, costs, terms and conditions shall be conclusive against all security holders, officers and directors and shall not be subject to voidability.

Section 7.05. Payment of Indemnification. An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the secretary of the corporation.

Section 7.06. Arbitration. Any dispute related to the right to indemnification, contribution or advancement of expenses as provided under this Article, except with respect to indemnification for liabilities arising under the Securities Act of 1933 which the corporation has undertaken to submit to a court for adjudication, shall be decided only by arbitration in the metropolitan area in which the principal executive offices of the corporation are located, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before a panel of three arbitrators, one of whom shall be selected by the corporation, the second of whom shall be selected by the indemnified representative and the third of whom shall be selected by the other two arbitrators. In the absence of the American Arbitration Association, or if for any reason arbitration under the arbitration rules of the American Arbitration Association cannot be initiated, or if one of the parties fails or refuses to select an arbitrator, or if the arbitrators selected by the corporation and the indemnified representative cannot agree on the selection of the third arbitrator within 30 days after such time as the corporation and the indemnified representative have each been notified of the selection of the other’s arbitrator, the necessary arbitrator or arbitrators shall be selected by the presiding judge of the court of general jurisdiction in such

metropolitan area. Each arbitrator selected as provided herein is required to be or have been a director or executive officer of a corporation whose shares of common stock were listed during at least one year of such service on the New York Stock Exchange or the American Stock Exchange or quoted on the National Association of Securities Dealers Automated Quotations System. The party or parties challenging the right of an indemnified representative to the benefits of this Article shall have the burden of proof. The corporation shall reimburse an indemnified representative for the expenses (including attorneys' fees and disbursements) incurred in successfully prosecuting or defending such arbitration. Any award entered by the arbitrators shall be final, binding and nonappealable and judgment may be entered thereon by any party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable.

Section 7.07. Contribution. If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or provision thereof, the corporation shall contribute to the liabilities to which the indemnified representative may be subject, in such proportion as is appropriate to reflect the intent of this Article or otherwise.

Section 7.08. Discharge of Duty. An indemnified representative shall be deemed to have discharged such person's duty to the corporation if he or she has relied in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(1) one or more officers or employees of the corporation whom the indemnified representative reasonably believes to be reliable and competent with respect to the matter presented;

(2) legal counsel, public accountants or other persons as to matters that the indemnified representative reasonably believes to be within the person's professional or expert competence; or

(3) a committee of the board of directors on which he or she does not serve as to matters within its area of designated authority, which committee he or she reasonably believes to merit confidence.

Section 7.09. Contract Rights; Amendment or Repeal. All rights to indemnification, contribution and advancement of expenses under this Article shall be deemed a contract between the corporation and the indemnified representative pursuant to which the corporation and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

Section 7.10. Scope of Articles. The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an indemnified capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

Section 7.11. Reliance on Provisions. Each person who shall act as an indemnified representative of the corporation shall be deemed to be doing so in reliance upon the rights of indemnification, contribution and advancement of expenses provided by this Article.

Section 7.12. Interpretation. The provisions of this Article have been approved and ratified by the shareholders of the corporation and are intended to constitute By-laws authorized by Section 410F of the Pennsylvania Business Corporation Law and 42 Pa.C.S. § 8365.

ARTICLE VIII

Miscellaneous

Section 8.01. Corporate Seal. The corporation shall have a corporate seal in the form of a circle containing the name of the corporation, the year of incorporation and such other details as may be approved by the board of directors.

Section 8.02. Checks. All checks, notes, bills of exchange or other orders in writing shall be signed by such person or persons as the board of directors may from time to time designate.

Section 8.03. Contracts. Except as otherwise provided in these by-laws, the board of directors may authorize any officer or officers, agent or agents, to enter into any contract or to execute or deliver any instrument on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 8.04. Deposits. All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more officers or employees as the board of directors shall from time to time determine.

Section 8.05. Reports. The board of directors shall present at the annual meeting of shareholders a report of the financial condition of the corporation as of the closing date of the preceding fiscal year. Such report shall be in such form as shall be approved by the board of directors and shall be available for the inspection of shareholders at the annual meeting, but the board of directors shall not be required to cause such report to be sent to the shareholders. The board of directors may, but shall not be required to, have such report prepared and verified by an independent certified public account or by a firm of practicing accountants.

Section 8.06. Corporate Records. There shall be kept at the registered office or principal place of business of the corporation an original or duplicate record of the proceedings of the shareholders and of the directors, and the original or a copy of the by-laws including all amendments or alterations thereto to date, certified by the secretary of the corporation. An original or duplicate share register shall also be kept at the registered office or principal place of business of the corporation, or at the office of a transfer agent or registrar, giving the names of the shareholders, their respective addresses and the number and class of shares held by each. The corporation shall also keep appropriate, complete and accurate books or records of account, which may be kept at its registered office or at its principal place of business.

Every shareholder shall, upon written demand under oath stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business, for any proper purpose, the share register, books or records of account, and records of the proceedings of the shareholders and directors, and make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a shareholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath

shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the shareholder. The demand under oath shall be directed to the corporation at its registered office in Pennsylvania or at its principal place of business. Where the shareholder seeks to inspect the books and records of the corporation, other than its share register or list of shareholders, the shareholder shall first establish (1) compliance with the provisions of this section respecting the form and manner of making demand for inspection of such document; and (2) that the inspection sought is for a proper purpose. Where the shareholder seeks to inspect the share register or list of shareholders of the corporation and has complied with the provisions of this section respecting the form and manner of making demand for inspection of such documents, the burden of proof shall be upon the corporation to establish that the inspection sought is for an improper purpose.

Section 8.07. Amendment of By-Laws. These by-laws may be amended or repealed, or new by-laws may be adopted, either (1) by vote of the shareholders as provided in the Articles of Incorporation, or (2) with respect to those matters which are not by statute reserved exclusively to the shareholders, by vote of a majority of the board of directors of the corporation in office at any regular or special meeting of directors. Such proposed amendment, repeal or new by-laws, or a summary thereof, shall be set forth in any notice of such meeting, whether annual, regular or special.

Section 8.08. Inconsistency Between By-laws and Articles of Incorporation. In the event of any inconsistency between the provisions of these by-laws and the provisions of the articles, the articles shall control.

ARTICLE IX

Inapplicability of Certain Sections of the Pennsylvania Business Corporation Law

Section 9.01. Effective December 23, 1983, Section 910 of the Pennsylvania Business Corporation Law (added by Pennsylvania Act No. 1983-92 enacted December 23, 1983) shall not be applicable to the corporation. This Article IX shall continue in effect until rescinded by an amendment to the Articles of Incorporation.

Section 9.02. Control-Share Acquisitions. Subchapter 25G (relating to control-share acquisitions) of 15 Pa.C.S. or any corresponding provision of succeeding law shall not be applicable to the corporation.

Section 9.03. Disgorgement. Subchapter 25H (relating to disgorgement by certain controlling shareholders following attempts to acquire control) of 15 Pa.C.S. or any corresponding provision of succeeding law shall not be applicable to the corporation.

CERTIFICATIONS

I, Alfred P. West, Jr., Chairman and Chief Executive Officer of SEI Investments Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEI Investments Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) Designed such disclosure controls, and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 4, 2004

/s/ Alfred P. West, Jr.

Alfred P. West, Jr.
Chairman and Chief Executive Officer

CERTIFICATIONS

I, Dennis J. McGonigle, Chief Financial Officer of SEI Investments Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEI Investments Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 4, 2004

/s/ Dennis J. McGonigle

Dennis J. McGonigle
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Alfred P. West, Jr., Chairman and Chief Executive Officer, and I, Dennis J. McGonigle, Chief Financial Officer, of SEI Investments Company, a Pennsylvania corporation (the "Company"), hereby certify that, to my knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004 (the "Form 10-Q") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2004

Date: August 4, 2004

/s/ Alfred P. West, Jr.

/s/ Dennis J. McGonigle

Alfred P. West, Jr.
Chairman and Chief Executive Officer

Dennis J. McGonigle
Chief Financial Officer