Fiserv

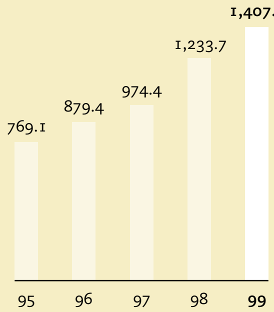
Seeing the future of a
converging financial world

1999 ANNUAL REPORT

FIVE-YEAR FINANCIAL HIGHLIGHTS

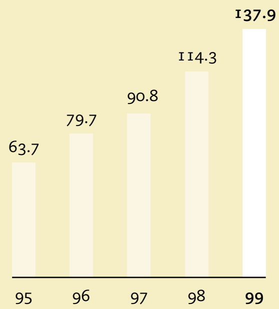
AS RESTATED*

REVENUES



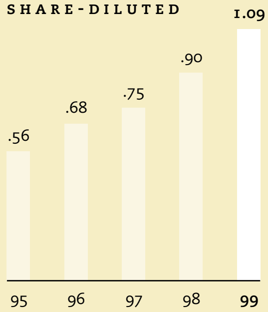
DOLLARS IN MILLIONS

NET INCOME



PRO FORMA, DOLLARS IN MILLIONS

EARNINGS PER SHARE-DILUTED

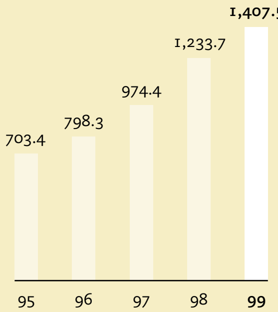


PRO FORMA, IN DOLLARS

* *The above pro forma information excludes certain charges in 1995 related to the acquisition of Information Technology, Inc. (ITI) and has been restated to recognize stock splits and acquisitions accounted for as poolings of interests.*

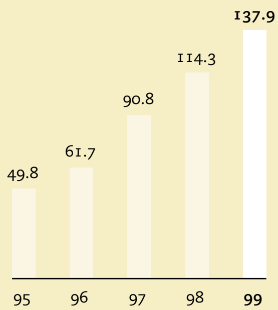
AS ORIGINALLY REPORTED†

REVENUES



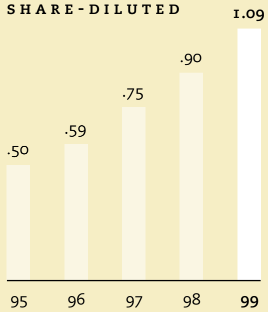
PRO FORMA, DOLLARS IN MILLIONS

NET INCOME



PRO FORMA, DOLLARS IN MILLIONS

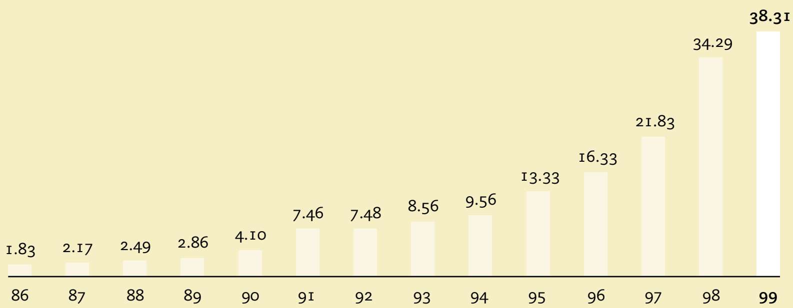
EARNINGS PER SHARE-DILUTED



PRO FORMA, IN DOLLARS

† *The above pro forma information is based upon results of operations as originally reported; it excludes certain charges in 1995 related to the acquisition of ITI and has been restated to recognize stock splits before restatements for poolings of interests.*

14-YEAR STOCK PRICE HIGHLIGHTS



DECEMBER CLOSING,
SPLIT ADJUSTED, IN DOLLARS

Charts not to scale.

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Fiserv, Inc. is a leading technology resource for information management systems used by the financial industry. We serve more than 10,000 clients worldwide, including banks, broker-dealers, credit unions, financial planners and investment advisers, insurance companies, leasing companies, mortgage lenders and savings institutions. Our corporate offices are located in Brookfield, Wisconsin, and we can be found on the Internet at www.fiserv.com. Fiserv stock is traded on the NASDAQ National Market under the symbol FISV.

TO OUR SHAREHOLDERS

GEORGE D. DALTON
& LESLIE M. MUMA

Our clients are facing a changing competitive landscape. The financial world is both converging and expanding, as a new type of financial institution emerges. This financial institution incorporates banking, lending, insurance, securities and financial planning, and its services are accessible through the Internet as well as the more traditional delivery channels.

What's driving this evolution? Market demand, regulatory changes and technology. Today's consumers are more sophisticated in money management. They demand more convenience in accessing information. They have an increasing expectation of service quality. And, therefore, a growing desire for anywhere, anytime, anyway transactions.

At Fiserv, we're ready to help our clients stay ahead of their competition and maximize their profitability. We've been the technology leader for banking and lending institutions for decades. Three years ago we moved into the securities processing industry. In 1998, we began servicing the administrative processing needs of insurance companies, and we've pioneered the technology that drives a wide variety of financial services on the Internet. Fiserv has developed the resources and expertise our clients need to broaden and expand their delivery channels and to take advantage of the recently passed federal legislation that opens up competition between banking institutions, insurance companies and brokerage firms.

1999 HIGHLIGHTS Achieving ongoing success in a changing environment is a lot easier with an underlying foundation of financial strength and stability. Our historically strong operating results continued in 1999, as we met our expectations for growth in revenues, net income and earnings per share. Fiserv annual revenues for 1999 were $1.41 billion, a 14% increase over the $1.23 billion reported in 1998. Net income for the year was $137.9 million or $1.09 per share-diluted, compared to net income of $114.3 million or $0.90 per share-diluted as reported in 1998.

We once again have met our growth targets in 1999, and are on track for another strong year in 2000. Our pipelines for new sales activity, cross-sales to existing clients and acquisition opportunities are accelerating across all of our major business lines. Our management teams continue to work diligently to increase our internal sales and acquisition growth in all areas of financial institution processing, lending, securities clearing, insurance solutions, trust services and e-commerce.

A STRATEGIC VISION Fiserv has a strategic vision that is driven by two basic concepts: responsiveness and foresight. As a service company our livelihood depends on our responsiveness, and as a technology company our foresight is key to our longevity. We have a well-developed understanding of client service and an intimate knowledge of our industry (because it's the only one we serve), plus the talent and resources to keep abreast of technology. We act on this insight whenever and wherever it will best serve our clients.

Our industry is ever-changing. Consumer demands, advancing technology, evolving regulations — all these dynamic forces constantly shape and reshape the financial marketplace. It's becoming harder for financial institutions to do everything related to technology on their own, and fewer and fewer are trying. The question many financial institutions are asking is: Why spend the money, time and personnel on an area outside of our core business focus? For most, the answer is clear, especially with the resources available through Fiserv.

One great example is the Internet. The power of the Internet as a financial delivery resource is accelerating, as shown by the growing number of financial services now available. As a proven technology provider supporting these services through our clients' traditional brick-and-mortar locations, we were best situated to apply our expertise to this new medium. And we have continually taken the initiative in providing the technology that drives financial e-commerce services (for an overview of our e-commerce strategy, see page 6).

The future is exciting, and thanks to the dedication and initiative of every Fiserv employee, we are better prepared than ever to embrace it. As long as there is a need for technological innovation and proven solutions, Fiserv people and products will be there. We thank you for your investment in our Company, and we look forward to providing the results that you, as our owners, expect.

Leslie M. Muma
Vice Chairman,
President and CEO

George D. Dalton
Chairman of the Board

February 28, 2000

INFORMATION TECHNOLOGY SERVICES GROUPS

FISERV IS UNIQUELY POSITIONED TO HELP FINANCIAL SERVICES PROVIDERS MEET THE CHALLENGES AND OPPORTUNITIES OF TODAY'S DYNAMIC MARKETPLACE. OUR CORE BUSINESS IS SERVING THE NEEDS OF BANKING, LENDING, INSURANCE, SECURITIES AND FINANCIAL PLANNING PROVIDERS. WITH OUR WIDE ARRAY OF INDUSTRY-SPECIFIC PRODUCTS, FISERV CLIENTS CAN SATISFY THEIR CUSTOMERS' GROWING RELIANCE ON ANYWHERE, ANYTIME, ANYWAY FINANCIAL SERVICES. FOLLOWING IS A REVIEW OF OUR INFORMATION TECHNOLOGY OPERATING GROUPS.

FINANCIAL INSTITUTION OUTSOURCING, SYSTEMS & SERVICES GROUPS

Fiserv provides comprehensive solutions designed for the information processing requirements of financial institutions, including account and transaction processing services, item processing, loan servicing and lending systems. We offer our clients service bureau and in-house processing systems, e-commerce solutions and complementary products. In essence, Fiserv provides all the technology a bank, credit union, mortgage lender or savings institution needs to run its operations — from deposit accounts to loans to general ledger to check processing.

Our products, services and software solutions are available through multiple delivery channels to financial institutions in the United States, and many of our systems have applications designed for the unique requirements of financial institutions operating outside of North America.

DIMENSIONS:

- Client relationships with over 7,300 financial institutions
- 208 million customer deposit, loan & lease accounts processed
- 4.3 billion checks processed annually

U.S. MARKET POSITION: The largest provider of financial information technology to banks/savings institutions, credit unions, mortgage lenders and auto leasing companies. A significant technology resource for revolving credit businesses.

PRODUCTS & SERVICES: Account and transaction processing services for banks, credit unions and savings institutions; related software and services for banks, credit unions, mortgage lenders and savings institutions; lending systems; auto leasing systems; revolving credit services; item processing; e-commerce products and services; electronic funds transfer services; imaging technology; plastic card services; document solutions; printing and fulfillment services; human resource information services; treasury management solutions.

GROWTH POTENTIAL: Gaining market share through new sales and strategic acquisitions. Enhancing key relationships through cross-sales of complementary products and services to current clients. Growing item processing through sales of large outsourcing contracts and by adding volume to existing centers. Expanding technology services and solutions for e-commerce. Developing and acquiring new products and services.

INSURANCE SOLUTIONS GROUP

Fiserv brings expertise in information management technology and related administration processing services to the insurance and banking industries. The products and solutions we offer automate the full range of insurance services, and support the growing convergence between banking and insurance.

DIMENSIONS:

- Client relationships with over 2,000 insurance companies
- 20 million policies processed on Fiserv systems

U.S. MARKET POSITION: A leading, and rapidly growing, technology resource for insurance companies.

PRODUCTS & SERVICES: Systems and software for life, annuity and health insurance, property/casualty and workers compensation; general ledger and annual statements software; claims workstation system; computer-based training for insurance and securities; electronic sales platform.

GROWTH POTENTIAL: Continuing to grow through new client sales. Developing and acquiring new products and services. Gaining market share through strategic acquisitions.

SECURITIES GROUP

Fiserv provides comprehensive securities processing services to brokerage organizations and financial institutions. Utilizing advanced technology, customer service and increasing economies of scale, this business serves a fast-growing market.

DIMENSIONS:

- Client relationships with over 350 broker-dealers and financial institutions
- 1.7 million active accounts
- 38,000 trades processed per day

U.S. MARKET POSITION: The leading provider of information technology to bank-owned broker-dealers and a major provider to non-bank affiliated broker-dealers.

PRODUCTS & SERVICES: Clearing, execution and facilitation of Internet and traditional brokerage services.

GROWTH POTENTIAL: Capitalizing on consolidation trends within the industry through strategic acquisitions. Utilizing Fiserv economies of scale to provide more service at competitive prices. Staying at the forefront of technological advancements that are impacting the securities industry.

TRUST SERVICES GROUP

Fiserv is a leading provider of retirement plan administration and processing services to financial planners. From trustee services to proprietary mutual fund trading systems for registered investment advisers to financial seminars and marketing materials, this business serves the diverse technology needs of a specialized market.

DIMENSIONS:

- Administering over 261,000 plans (87% in IRAs)
- More than $22 billion in assets under administration

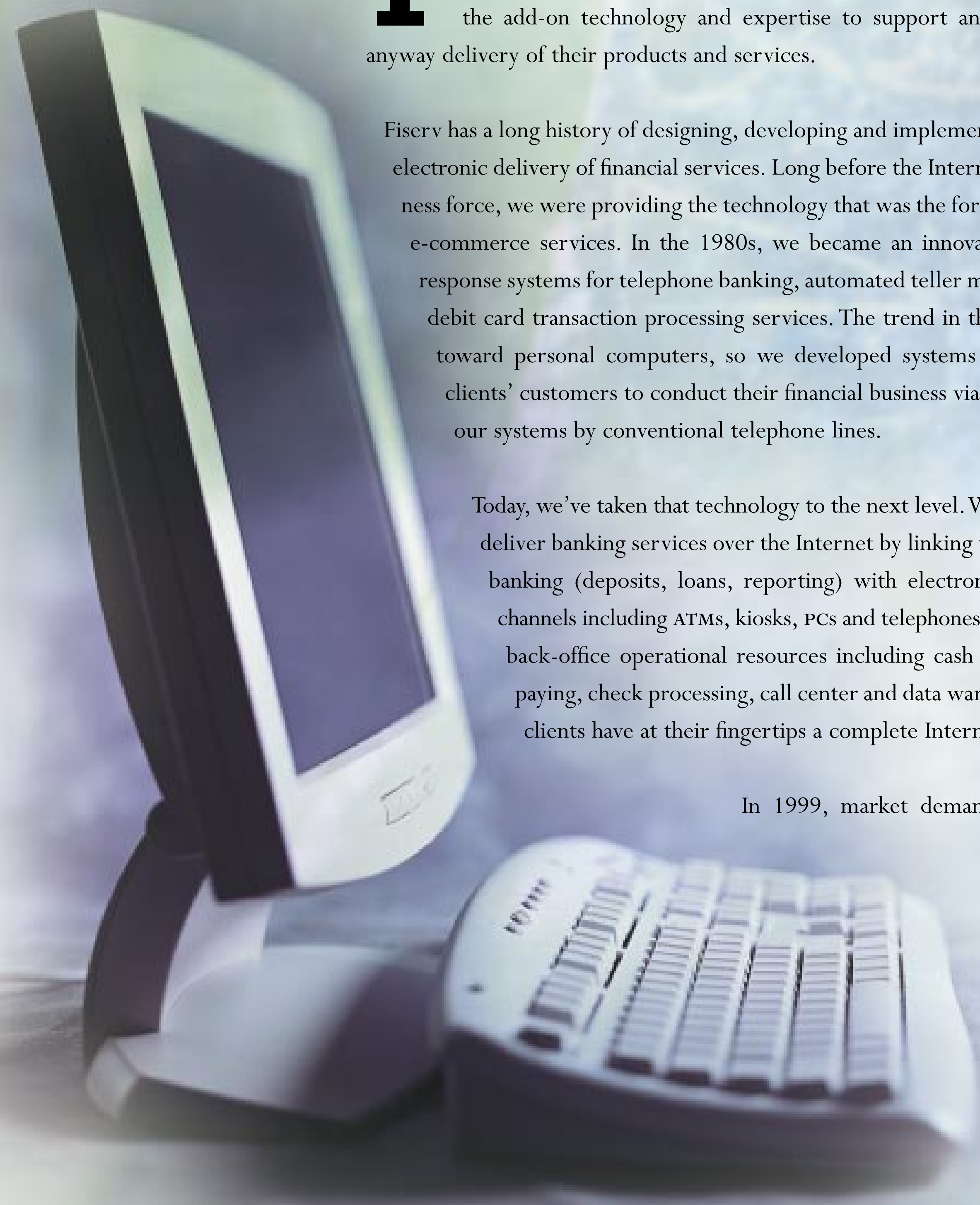
U.S. MARKET POSITION: The leading provider of retirement plan technology to financial planners.

PRODUCTS & SERVICES: Self-directed retirement plan administration services; mutual fund software; financial marketing materials and related communication services.

GROWTH POTENTIAL: Capitalizing on the continuing profitability and stability of the retirement plan administration business. Growing by strategic acquisition and development of related new products. Expanding sales for financial marketing communication solutions, mutual fund products and related trust administration services.

Electronic commerce: a commitment to

THE WORLD OF E-COMMERCE IS EXPANDING RAPIDLY, and Fiserv is positioned to help our clients stay ahead of the market. Today, literally thousands of financial services clients look to Fiserv for the add-on technology and expertise to support anywhere, anytime, anyway delivery of their products and services.



Fiserv has a long history of designing, developing and implementing solutions for electronic delivery of financial services. Long before the Internet became a business force, we were providing the technology that was the forerunner of today's e-commerce services. In the 1980s, we became an innovator in automated response systems for telephone banking, automated teller machine (ATM) and debit card transaction processing services. The trend in the mid-1990s was toward personal computers, so we developed systems that allowed our clients' customers to conduct their financial business via PCs connected to our systems by conventional telephone lines.

Today, we've taken that technology to the next level. We help our clients deliver banking services over the Internet by linking their core account banking (deposits, loans, reporting) with electronic retail delivery channels including ATMs, kiosks, PCs and telephones. Add in numerous back-office operational resources including cash management, bill paying, check processing, call center and data warehousing, and our clients have at their fingertips a complete Internet bank.

In 1999, market demand for Web-based applications for all types of financial transactions exploded. So we packaged

future technology for the financial industry

ePrime℠@Fiserv®, an extensive array of e-commerce solutions for financial services providers. These e-solutions provide bankers, lenders, insurers, financial planners and brokerage firms with a combination of Fiserv technology offerings that support secure transactions over the Internet. ePrime@Fiserv enables our clients to capitalize on the evolution of the Internet as a dynamic new way of reaching their customers.

COMPREHENSIVE E-SOLUTIONS With ePrime@Fiserv, any organization can start a direct bank with superior speed-to-market. We offer a suite of Internet-based banking components that can be combined into a solution set tailored to our clients' specific needs for enhancing their customers' direct banking experience. Our pioneering middleware architecture links customers with their account information via phone, PC, kiosk or the latest Internet-based devices. All of these online services can be customized to the organization's own marketing and branding requirements.

Fiserv technology provides the backbone for virtually all types of lending over the Internet, from new mortgages to debt consolidation to other consumer loans. And using our Web-based loan origination software products, consumers can shop for rates, pre-qualify and finalize their loan applications and funds disbursements, all online.

ePrime@Fiserv incorporates the latest technology to support ATM and debit card transactions and services. Other services available through ePrime@Fiserv include real-time brokerage clearing and processing, with back-office productivity systems to help streamline sales and administration of securities. For insurance companies, we provide Web-enabled policy processing and administrative support for our comprehensive line of insurance products and services. Our "Virtual University" provides educational services for insurance and securities professionals over the Internet.

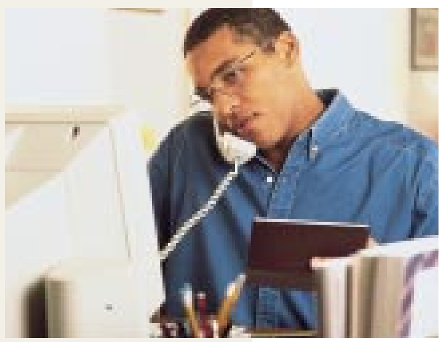
Fiserv also provides Web site services as an added convenience for all clients. Site design, development, maintenance and enhancement, along with site hosting, redundancy and disaster back-up complete the ePrime@Fiserv offering.

Technology is changing our world almost daily. We communicate via e-mail. We do business using cell phones and pagers. We get cash from ATMs, go online to trade stocks, and use the telephone to manage our insurance claims through customer service call centers. As a society we are becoming increasingly dependent on the technology that links us to our world and to each other.

FINANCIAL INSTITUTION TECHNOLOGY

Financial institutions have turned to the Fiserv group of companies for their core account and transaction processing systems for over 30 years. We have built our reputation on serving this market, and will continue to focus on this important segment of our client base. As Fiserv grows, we're continually expanding our existing core client relationships with cross-sales of other services and products. And, we're adding new clients at a record pace.

A key element of the Fiserv market mix is our ongoing development of products and services that meet the diverse requirements of our financial institution clients. As with all aspects of our business, we also seek to enhance our technology and bolster our market share through strategic acquisitions. In 1999, we acquired Envision Financial Technologies, a major financial services provider focusing on the credit union market. With the resources this organization brings to Fiserv, we once again expanded our technology portfolio not only for credit unions, but for the entire financial services industry.



Today's consumers are much more sophisticated in their understanding of technology, and more demanding in their service requirements. This acceptance of and growing dependence on technology is equally evident in the financial arena, where consumers have come to rely on flexible and easy access to their financial services. This accessibility is especially important today, when time is a priority for most consumers.

Not surprisingly, this ever-increasing reliance has created a growing demand for a broader range of readily accessible financial products and services. The convenience of one-stop shopping, combined with availability 24-hours-a-day and seven-days-a-week, is becoming a consumer priority.

AN EVOLVING, COMPETITIVE ENVIRONMENT Technology is not the only factor changing the financial world. Regulations that separated the banking, insurance and securities industries have continued to change, especially with the passage of recent federal legislation (H.R.10). This new regulatory environment has evolved in response to an increased consumer demand for the convenience of access to multiple financial products and services through a single provider. Other factors influencing the industry include growing competition among financial services providers who are moving into new markets as they seek to expand their share of financial transaction volumes.

Not only are more types of financial services being aggregated, but there are growing demands for new delivery channels that provide convenient and flexible access to these services. Using the interconnectivity made possible by technology, financial services providers are offering their products on and off the Internet, through ATMs, PCs, kiosks, telephones or the latest hand-held electronic devices.

More and more financial institutions, insurance companies and brokerage firms are looking for ways to take advantage of changing consumer demands and an evolving industry by expanding their product and service offerings. The traditional industry lines are blurring, as regulations ease and consumers increase their service expectations. To remain competitive, financial services providers need to increase and modify their product mixes as quickly as possible. Being first-to-market with innovative new services can be a daunting task. As a technology provider with considerable experience in multiple financial arenas, Fiserv can help make the transition easier.

LENDING TECHNOLOGY

Technology impacts all aspects of the financial industry, bringing new products, new services and new ways of accessing information. To stay abreast of the competition, a financial institution needs a partner with industry know-how and specialized resources. Through our expanding suite of lending products and services, Fiserv brings advanced technology resources and specialized expertise to our client base of mortgage lenders, banks, credit unions and savings institutions.

Fiserv offers traditional mortgage and lending systems, loan origination services and automobile leasing solutions, as well as the latest in Internet-based mortgage technology. And in 1999, we further enhanced our lending services with the acquisition of RF/Spectrum Decision Science Corp., a provider of specialized software systems for analysis and risk-management within the mortgage industry. In so doing, we gained a key decision support system that complements our industry-leading servicing and application solutions.

FINDING OPPORTUNITIES IN A CHANGING MARKET Changing regulations and advanced technology also mean that the opportunities are growing for financial institutions to attract new customers, as well as to strengthen existing customer relationships, by adding new products and services. For example, with the availability of securities and insurance services, a financial institu-

The number of households banking

on the Internet

is expected to increase from

7 million in 1998 to

30 million

in 2003.

SOURCE: DATAMONITOR

tion with the right resources can help its customers manage their entire investment portfolio from deposit and loan accounts to stocks and securities to insurance coverage. Likewise, insurance companies and investment banks are offering more traditional banking services.

The key for a financial institution is finding the resources necessary to provide these interrelated financial services efficiently and economically, and to bring them to market ahead of the competition. A financial institution can readily make the transition to offering this broader mix of products and services with Fiserv as their technology partner. Just consider the philosophy of "one-stop shopping." Why go to three different stores if you can get everything from one place? So as financial institutions look for ways to offer their customers securities, insurance products and traditional banking services, they're turning to Fiserv. Because the same philosophy applies — why go to multiple vendors when you can get everything you need from one provider?

CHECK PROCESSING TECHNOLOGY

Despite a common belief that we are moving toward a paperless monetary system, checks continue to play a major role in our financial transactions. In fact, the number of checks written each year continues to increase. Fiserv technology, and our experienced professionals, are helping financial institutions throughout North America meet the processing demands of this vital operation.

Check (or item) processing is a business of volume. Through both acquisitions and new sales, we are expanding our network of regional check processing centers to capitalize on greater volumes. Our growing resources and complementary technologies, such as check imaging, allow Fiserv to provide clients with processing efficiencies and economies of scale they could not achieve on their own. Imaging is being utilized more and more for a variety of information storage and retrieval applications. So in 1999, we acquired Alliance ADS, a provider of specialized imaging solutions to the financial services and staffing industries.

A DYNAMIC INDUSTRY Perhaps most importantly, Fiserv has made a commitment to providing future technology for the financial industry. In a dynamic market that's facing a variety of competitive influences, this dedication is crucial to our clients' present and future success. For today's financial services providers, flexibility and responsiveness are business requirements, not options.

Fiserv is uniquely positioned to help the financial industry meet these challenges and opportunities. We understand the requirements and distinctive characteristics of the industry. This focus allows us to identify developing industry trends, create the products and services most in demand, and provide ongoing support and enhancements. By building on our core expertise in information management technology, our clients gain the freedom to devote their resources and expertise to their own business focus.

THE BUILDING BLOCKS OF FINANCIAL SERVICE With Fiserv, clients are plugged into the technology that moves money and financial information throughout the world. We provide the resources that enable our clients to connect to their customers through multiple products and multiple delivery channels.

RISK MANAGEMENT TECHNOLOGY

The financial industry is evolving, which means that now, more than ever, financial institutions must be diligent and responsible in their business. As a leading provider of decision support and performance measurement solutions, Fiserv is positioned to help our clients manage to this critical need.

Our advanced technology resources, backed by the expertise of Fiserv professionals, helps us to better serve those clients who have complex risk management, investment and decision support requirements. With two acquisitions in this field completed in 1999, we're better prepared than ever to meet this growing demand. Pinehurst Analytics, a leading provider of valuation software and related consulting services for financial institutions, brings a new dimension to our risk management and financial analysis solutions. And Eldridge & Associates provides an asset/liability management and financial reporting system specifically oriented to credit unions. Financial institutions rely on Fiserv for more than just account processing, because we provide comprehensive information management solutions.

Financial transaction processing forms the basic building block of every financial services provider's business. No matter how many other products and services are added on, it all comes down to moving and accounting for money. We've spent years developing, enhancing and supporting data processing and information management systems for the financial industry. Our core business is serving the needs of traditional banking, lending, insurance, securities and financial planning providers…it's what we've always done, and what we do the best.

Our technology foundation is strong, and our clients can count on us to provide the services they need, when they need them. Because we are focused on the financial industry, we can pro-

By the end of 2000,
more than 20%
of large U.S. banks will offer
insurance products.

SOURCE: GARTNERGROUP

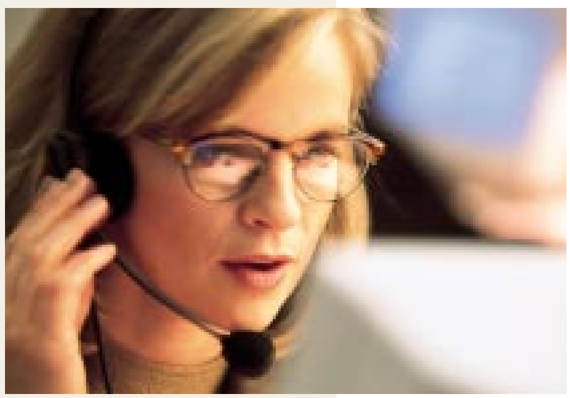

Life Insurance
Get Quote
The Basics
Search

vide market-leading products and technology designed specifically to meet the requirements of our clients and their customers.

COMPLEMENTARY BUSINESS SOLUTIONS

Financial institutions, like other organizations, have a variety of diverse business needs that can benefit from technology. Fiserv, as a leading technology resource, has a knowledge of information management systems that can be applied with success to many of these business needs. For example, by building on our base experience in account processing, customer service call centers and decision support systems, Fiserv provides solutions that allow large organizations to outsource their human resource, benefit and payroll information services, and related data center operations.

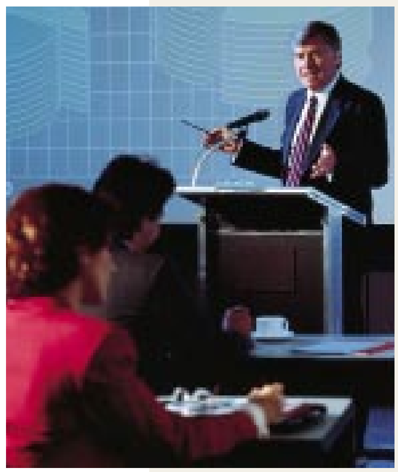
Our strategy within this growing field is to apply our expertise to help financial institutions and other organizations manage their human resources more effectively through the use of advanced information technology, thereby improving cost-efficiency, productivity and performance. In addition to our ongoing internal development, in 1999 we enhanced our offerings to this market segment with the acquisition of Humanic Design, a provider of advanced, Internet-based human resource services targeted to the needs of major financial institutions.



A LEADER IN FINANCIAL INFORMATION MANAGEMENT Account processing is a core requirement of every financial institution. It's also vital to the operations of brokerage firms and insurance companies. No matter how delivery systems may change, or how the industry may consolidate and evolve, there will always remain the need for account processing. One day, consumers may access and manage all of their financial accounts over the Internet, without stepping foot into a traditional banking location. But that won't change the fundamental requirements of their financial services provider to process those accounts. That's where Fiserv is positioned — as a leader in financial information management.

We create comprehensive account and transaction processing systems for all types and sizes of financial institutions. Each financial institution is different, with its own set of requirements. This is why Fiserv offers business-specific technology solutions. These core processing systems are delivered through a Fiserv service bureau, installed in-house at the client's site, managed by Fiserv personnel at the client's site, or supported by Fiserv professionals in a dedicated environment at one of our service centers.

Fiserv offers further specialization in account and transaction processing through systems specifically designed for retail or commercial banks and credit unions. We also provide solutions that are capable of handling the diverse requirements and multi-lingual, multi-currency applications of international financial markets. From a total comprehensive solution to a single product that fits a distinctive need, our portfolio of information technology services can be tailored to meet our client's specifications — no matter how large or how small the client.



INSURANCE TECHNOLOGY

The insurance industry is an important strategic market for Fiserv; a market where we continue to grow and excel. Through internal R&D, acquisition of complementary technology providers and a steadily growing client base, we are expanding our position as the provider of choice for insurance companies. Some of the largest insurers in the U.S. are turning to Fiserv for the advanced technology, backroom services and administration systems that will help enhance service to their customers and improve overall efficiency.

During 1999, we expanded our insurance offerings with two acquisitions. FIPSCO, Inc. provides computerized systems for marketing support and presentations used by the life insurance industry, while Progressive Data Solutions/Infinity Software Systems offers specialized workers compensation administration software. Insurance companies, like any other business, need many products that are industry-specific. In addition to administration processing, there's a demand for ancillary services including claims workstations, workers compensation systems, marketing and training solutions. Fiserv offers all these, and more.

As financial institutions continue to branch out into new services for their customers, Fiserv is there to provide the necessary technology, products and support. All of our core systems — from service bureau to in-house to e-commerce — can be complemented with a number of other products that allow our clients to create their total servicing solutions. These complementary products and back-office solutions include treasury and investment management, decision support and performance measurement solutions, electronic funds transfer services, imaging systems, business forms, human resource information systems, plastic card fulfillment, call center systems, loan origination and tracking, auto leasing software, data warehousing/data mining and credit services.

INSURANCE PROCESSING The insurance industry, like banking, requires basic administration services and information processing systems. As the barriers between these businesses continue

Brokerage accounts
on the Internet are growing
at nearly 90%
per year, with an estimated
20 million
portfolios being tracked online.

SOURCE: DATAMONITOR


Open 10611.94
Close 10617.32
High 10624.06
Low 10536.27
OK
Home

to come down, banks and insurance companies are facing the challenge of quickly and economically expanding their product mix to offer their customers these new services. They also must market effectively against increasing competition.

SECURITIES AND BROKERAGE SERVICES

The financial services industry encompasses many different disciplines, ranging from securities to banking to insurance. And while each has its own unique requirements, there are some basic services that apply to all. These include areas where Fiserv has proven experience and a strong reputation, particularly account processing and applied technology. On this foundation, we have built a significant presence providing securities processing and related services to brokerage firms and financial institutions.

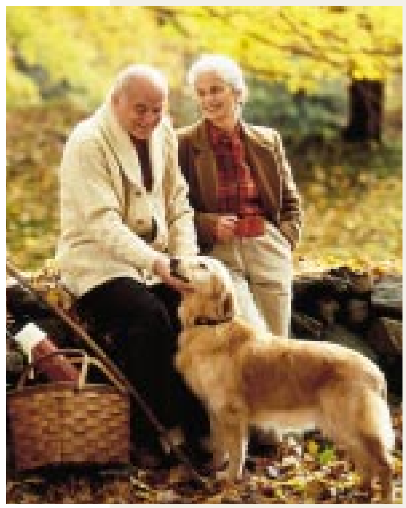
We're continually enhancing our securities and brokerage services, through both internal R&D and strategic acquisitions. We added the securities clearing operations of JWGenesis in 1999, allowing the organization to expand services for their brokerage clients while increasing our own processing capabilities. And we're taking advantage of an industry trend toward consolidation of processing and clearing services to increase our client base and processing volumes. This way, our clients gain the benefits of our technology resources, while we leverage our size to apply advanced technology and improved service.

Fiserv provides comprehensive insurance processing services and related products to both insurance companies and financial institutions. Our insurance solutions cover the full spectrum — from administration services and software for life, annuity and health insurance, property/casualty and workers compensation to our award-winning claims workstation and comprehensive financial accounting systems. We also provide computer-based training for insurance and securities, and electronic sales platforms that can be delivered over the Internet.

Insurance companies turn to us not only for their own internal administration processing services, but also for an entrée into the banking industry. Our existing and new bank clients know that we can provide the technology solutions that will allow them to open channels into the insurance industry. Fiserv is able to help our clients smooth the transition between these two converging financial markets.

SECURITIES The securities business is about transactions and volume. It's about advanced technology that makes executing and clearing trades faster, easier and more economical. It's about service excellence and customer satisfaction. In essence, it's about applying technology to enhance service to customers. That's why Fiserv also is positioned as a leading provider of securities processing services and solutions.

Fiserv has assembled the technology resources and industry knowledge required to meet the needs of brokerage firms and financial institutions that are expanding into this business. Technology is making it easier for consumers to manage their own portfolios, and as they begin to take a more active role in their investments, they want options. They want online trading. They want information. They want service. With Fiserv, brokerage organizations gain a technology resource with the management expertise, products and services necessary to help satisfy customer needs.



TRUST SERVICES Technology is the cornerstone of success for any financial services provider, because it drives account processing, enables product development and creates new service options. Within the world of investment services, where personal service often means the difference between one provider and another, technology can significantly impact service excellence. That's where our experience in technological advancements makes a difference to our clients.

Our trust business applies Fiserv expertise to technology for administration of self-directed retirement plans and related services. Through these resources, we're continuing to develop new products and new technology to help our clients' customers manage their money.

TRUST ADMINISTRATION TECHNOLOGY

The administration of self-directed retirement plans is a highly specialized business that benefits, as do all financial services applications, from technology. Fiserv has built a trusted reputation in retirement plan administration and related trust services, which is another important strategic market for us. Our technology and expertise in this industry helps better prepare financial planners and investment advisers to serve their customers. With retirement investment services, as in all financial transaction-related services, customer satisfaction is vital.

The retirement plan administration business is profitable and stable, and we're continuing to grow this business segment by ongoing development of related new products and services, as well as by acquisition. In 1999, we announced our intent to acquire Resources Trust Company, a complementary business which specializes in the administration of self-directed retirement plan accounts and custodial investment accounts. This acquisition is expected to close in the first quarter of 2000.

A VISION OF THE FUTURE The financial industry, like any successful market, is evolving in response to consumer demands, competitive pressures, falling regulatory barriers and technological breakthroughs. Banking services are merging with insurance products. Non-financial organizations are launching Internet banks. Securities providers are looking for new avenues to explore. It's not a hard and fast industry anymore; the competition is growing and so are the opportunities.

The financial world encompasses many different types of products, services and transactions. But it all comes down to one thing: moving money. Whether it's a savings account, an insurance policy, an investment portfolio or a retirement fund, customers rely on their financial services providers to help manage their money.

Providing the transaction processing technology that moves and accounts for money is what Fiserv does best. That is why Fiserv offers a broad array of financial services and technology applications, and why we will continue to expand our portfolio. We have a vision that has guided our company since its beginning. No matter where the financial industry goes, we are committed to being there…for our clients and for their customers.

THE FISERV VISION To be the leading information services provider for the financial industry worldwide, while providing opportunities for our employees and increased value for our shareholders.

THE FISERV MISSION To deliver products and services that help our clients grow their businesses and enhance service to their customers.

To enable our people to achieve outstanding job performance and personal growth.

To produce a favorable level of earnings and consistent earnings growth for our Company, and increased value for our shareholders.

1999 financial contents

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data) Year ended December 31,	**1999**	1998	1997
REVENUES	**$1,407,545**	$1,233,670	$974,432
COST OF REVENUES:			
Salaries, commissions and payroll related costs	**677,226**	573,187	454,850
Data processing expenses, rentals and telecommunication costs	**111,163**	119,205	100,601
Other operating expenses	**272,616**	259,126	189,982
Depreciation and amortization of property and equipment	**63,713**	60,697	49,119
Amortization of intangible assets	**22,600**	15,754	14,067
Amortization (capitalization) of internally generated computer software — net	**7,142**	(3,938)	36
TOTAL COST OF REVENUES	**1,154,460**	1,024,031	808,655
OPERATING INCOME	**253,085**	209,639	165,777
Interest expense — net	**19,410**	15,955	11,878
INCOME BEFORE INCOME TAXES	**233,675**	193,684	153,899
Income tax provision	**95,807**	79,410	63,099
NET INCOME	**$ 137,868**	$ 114,274	$ 90,800
NET INCOME PER SHARE:			
Basic	**$1.12**	$0.93	$0.78
Diluted	**$1.09**	$0.90	$0.75
SHARES USED IN COMPUTING NET INCOME PER SHARE:			
Basic	**123,143**	122,873	117,021
Diluted	**126,679**	127,154	120,438

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands) December 31,	1999	1998
ASSETS		
Cash and cash equivalents	**$ 80,554**	$ 71,558
Accounts receivable — net	**235,350**	246,851
Securities processing receivables	**2,196,068**	1,402,650
Prepaid expenses and other assets	**89,378**	83,453
Trust account investments	**1,298,120**	1,098,773
Other investments	**335,573**	180,099
Deferred income taxes	**–**	14,545
Property and equipment — net	**195,333**	179,434
Internally generated computer software — net	**75,263**	85,821
Intangible assets — net	**802,071**	595,154
TOTAL	**$5,307,710**	$3,958,338
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	**$ 66,400**	$ 65,385
Securities processing payables	**1,764,382**	1,207,838
Short-term borrowings	**234,350**	38,350
Accrued expenses	**176,443**	150,519
Accrued income taxes	**12,736**	14,768
Deferred revenues	**131,476**	107,286
Trust account deposits	**1,298,120**	1,098,773
Deferred income taxes	**59,963**	–
Long-term debt	**472,824**	389,622
TOTAL LIABILITIES	**4,216,694**	3,072,541
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock issued, 125,387,700 and 124,879,500 shares, respectively	**1,254**	1,249
Additional paid-in capital	**458,550**	448,461
Accumulated other comprehensive income	**125,026**	39,875
Accumulated earnings	**576,510**	438,642
Treasury stock, at cost, 2,804,400 and 1,800,000 shares, respectively	**(70,324)**	(42,430)
TOTAL SHAREHOLDERS' EQUITY	**1,091,016**	885,797
TOTAL	**$5,307,710**	$3,958,338

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands) Year ended December 31,	1999		1998		1997	
SHARES ISSUED — 300,000,000 AUTHORIZED:						
Balance at beginning of year	83,253		53,925		51,032	
Shares issued under stock plans — net	394		495		585	
Shares issued for acquired companies	–		1,132		2,308	
Three-for-two stock split	41,741		27,701		–	
Balance at end of year	125,388		83,253		53,925	
COMMON STOCK — PAR VALUE $.01 PER SHARE:						
Balance at beginning of year	$ 833		$ 539		$ 510	
Shares issued under stock plans — net	4		5		6	
Shares issued for acquired companies	–		11		23	
Three-for-two stock split	417		278		–	
Balance at end of year	1,254		833		539	
ADDITIONAL PAID-IN CAPITAL:						
Balance at beginning of year	448,877		427,785		352,916	
Shares issued under stock plans — net	5,090		5,036		10,034	
Income tax reduction arising from the exercise of employee stock options	5,000		8,000		5,000	
Shares issued for acquired companies	–		8,334		59,835	
Three-for-two stock split	(417)		(278)		–	
Balance at end of year	458,550		448,877		427,785	
ACCUMULATED OTHER COMPREHENSIVE INCOME:						
Balance at beginning of year	39,875		16,563		18,904	
Unrealized gain (loss) on investments	85,496	$ 85,496	23,492	$ 23,492	(2,179)	$ (2,179)
Foreign currency translation adjustment	(345)	(345)	(180)	(180)	(162)	(162)
Balance at end of year	125,026		39,875		16,563	
ACCUMULATED EARNINGS:						
Balance at beginning of year	438,642		324,368		233,568	
Net income	137,868	137,868	114,274	114,274	90,800	90,800
Balance at end of year	576,510		438,642		324,368	
TREASURY STOCK — AT COST:						
Balance at beginning of year	(42,430)		–			
Purchase of treasury stock	(28,713)		(42,430)			
Shares issued under stock plans — net	819		–			
Balance at end of year	(70,324)		(42,430)			
TOTAL COMPREHENSIVE INCOME		$223,019		$137,586		$ 88,459
TOTAL SHAREHOLDERS' EQUITY	$1,091,016		$885,797		$769,255	

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) Year ended December 31,	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 137,868**	$ 114,274	$ 90,800
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred income taxes	**14,183**	2,463	4,234
Depreciation and amortization of property and equipment	**63,713**	60,697	49,119
Amortization of intangible assets	**22,600**	15,754	14,067
Amortization of internally generated computer software	**33,194**	26,641	25,047
	271,558	219,829	183,267
Changes in assets and liabilities, net of effects from acquisitions of businesses:			
Accounts receivable	**18,853**	(22,860)	(19,191)
Prepaid expenses and other assets	**(3,299)**	9,618	(7,073)
Accounts payable and accrued expenses	**14,394**	32,422	23,681
Deferred revenues	**17,210**	21,197	17,313
Accrued income taxes	**(1)**	13,109	2,520
Securities processing receivables and payables — net	**(140,878)**	7,080	(5,948)
Net cash provided by operating activities	**177,837**	280,395	194,569
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	**(69,697)**	(77,542)	(39,765)
Capitalization of internally generated computer software	**(26,052)**	(30,579)	(25,011)
Payment for acquisition of businesses, net of cash acquired	**(210,587)**	(217,792)	(65,017)
Investments	**(209,011)**	(30,779)	(167,812)
Net cash used in investing activities	**(515,347)**	(356,692)	(297,605)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from (repayments of) short-term obligations — net	**119,226**	(56,625)	(7,900)
Proceeds from borrowings on long-term obligations	**103,523**	143,245	18,120
Repayment of long-term obligations	**(52,790)**	(6,785)	(41,316)
Issuance of common stock	**5,913**	5,041	10,040
Purchases of treasury stock	**(28,713)**	(42,430)	–
Trust account deposits	**199,347**	16,032	112,187
Net cash provided by financing activities	**346,506**	58,478	91,131
Change in cash and cash equivalents	**8,996**	(17,819)	(11,905)
Beginning balance	**71,558**	89,377	101,282
Ending balance	**$ 80,554**	$ 71,558	$ 89,377

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ending December 31, 1999, 1998 and 1997

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of Fiserv, Inc. and subsidiaries (the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS Cash and cash equivalents comprise cash and investments with original maturities of 90 days or less.

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

FAIR VALUES The carrying amounts of cash and cash equivalents, accounts receivable and payable, securities processing receivables and payables, short and long-term borrowings, and derivative instruments approximated fair value as of December 31, 1999 and 1998.

DERIVATIVE INSTRUMENTS Interest rate hedge transactions are utilized to manage interest rate exposure. The interest differential on interest rate swap contracts used to hedge underlying debt obligations is reflected as an adjustment to interest expense over the life of the contracts.

SECURITIES PROCESSING RECEIVABLES AND PAYABLES The Company's securities processing subsidiaries had receivables from and payables to brokers or dealers and clearing organizations related to the following at December 31:

(In thousands)	**1999**	1998
RECEIVABLES:		
Securities failed to deliver	**$ 41,554**	$ 33,918
Securities borrowed	**829,573**	586,210
Receivables from customers	**1,283,326**	758,669
Other	**41,615**	23,853
TOTAL	**$ 2,196,068**	$ 1,402,650
PAYABLES:		
Securities failed to receive	**$ 45,255**	$ 20,935
Securities loaned	**1,076,235**	703,164
Payables to customers	**523,275**	389,372
Other	**119,617**	94,367
TOTAL	**$ 1,764,382**	$ 1,207,838

Securities borrowed and loaned represent deposits made to or received from other broker-dealers. Receivables from and payables to customers represent amounts due on cash and margin transactions.

SHORT-TERM BORROWINGS The Company's securities processing subsidiaries had short-term bank loans payable of $234,350,000 and $38,350,000 as of December 31, 1999 and 1998, respectively, which bear interest at the respective banks' borrowing rate (4.9% as of December 31, 1999) and were collateralized by customers' margin account securities.

TRUST ACCOUNT INVESTMENTS AND DEPOSITS The Company's trust administration subsidiaries accept money market deposits from trust customers and invest the funds in securities. Such amounts due trust depositors represent the primary source of funds for the Company's investment securities and amounted to $1,298,120,000 and $1,098,773,000 as of December 31, 1999 and 1998, respectively. The related investment securities, including amounts representing Company funds, comprised the following at December 31:

(In thousands)	Principal Amount	Carrying Value	Market Value
1999			
U. S. Government and government agency obligations	**$ 609,304**	**$ 614,855**	**$ 606,113**
Money market mutual funds	**201,600**	**201,600**	**201,600**
Other fixed income obligations	**563,382**	**562,560**	**550,931**
TOTAL	**$1,374,286**	**1,379,015**	**$1,358,644**
Less amounts representing Company funds:			
Included in cash and cash equivalents		**3,329**	
Included in other investments		**77,566**	
Trust account investments		**$1,298,120**	
1998			
U. S. Government and government agency obligations	$ 756,928	$ 765,152	$ 766,708
Corporate bonds	5,492	5,494	5,501
Repurchase agreements	41,370	41,370	41,370
Money market mutual funds	21,220	21,220	21,220
Other fixed income obligations	336,010	337,490	339,276
TOTAL	$1,161,020	1,170,726	$1,174,075
Less amounts representing Company funds:			
Included in cash and cash equivalents		756	
Included in other investments		71,197	
Trust account investments		$1,098,773	

Substantially all trust account investments at December 31, 1999 have contractual maturities of one year or less, except for government agency and certain fixed income obligations which have an average duration of approximately two years and six months. These investments are held to maturity and stated at cost as the Company has the ability and intent to hold these investments to maturity. Unrealized gains and losses at December 31, 1999 and 1998 were not significant.

OTHER INVESTMENTS The Company determines the appropriate classification of investments in securities at the time of the purchase. Marketable securities available-for-sale are carried at market, based upon quoted market prices. Unrealized gains or losses on available-for-sale securities are accumulated as an adjustment to shareholders' equity, net of related deferred income taxes. Realized gains or losses are computed based on specific identification of the securities sold. The Company owns 3,404,930 shares of Knight/Trimark Group, Inc. and 900,000 shares of The BISYS Group, Inc. Common stock of both companies trade on the NASDAQ National Market System.

PROPERTY AND EQUIPMENT Property and equipment are stated at cost. Depreciation and amortization are computed primarily using the straight-line method over the estimated useful lives of the assets, ranging from three to 40 years. Property and equipment consist of the following at December 31:

(In thousands)	1999	1998
Data processing equipment	$ 227,292	$ 227,346
Purchased software	81,239	73,446
Buildings and leasehold improvements	84,763	75,158
Furniture and equipment	99,637	88,915
	492,931	464,865
Less accumulated depreciation and amortization	297,598	285,431
TOTAL	$ 195,333	$ 179,434

INTERNALLY GENERATED COMPUTER SOFTWARE The Company capitalizes certain costs incurred to develop new software and enhance existing software in accordance with Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed." Amortization of capitalized costs is computed on a straight-line basis over the expected useful life of the product, generally five years. Activity during the three years ended December 31, 1999 is as follows:

(In thousands)	1999	1998	1997
Beginning balance	$ 85,821	$ 73,163	$ 70,487
Capitalized costs	26,052	30,579	25,011
Acquisitions and reclassifications	(3,416)	8,720	2,712
	108,457	112,462	98,210
Less amortization	33,194	26,641	25,047
TOTAL	$ 75,263	$ 85,821	$ 73,163

Routine maintenance of software products, design costs and development costs incurred prior to establishment of a product's technological feasibility are expensed as incurred. In addition, Year 2000 costs were expensed as incurred.

INTANGIBLE ASSETS Intangible assets relate to acquisitions and consist of the following at December 31:

(In thousands)	1999	1998
Goodwill	$ 793,908	$ 590,684
Other	128,107	96,571
	922,015	687,255
Less accumulated amortization	119,944	92,101
TOTAL	$ 802,071	$ 595,154

The excess of the purchase price over the estimated fair value of tangible and identifiable intangible assets acquired has been recorded as goodwill and is generally being amortized over 40 years using the straight-line method. Other intangible assets comprise primarily computer software, contract rights, customer bases and trademarks applicable to business acquisitions. These assets are being amortized using the straight-line method over their estimated useful lives, ranging from three to 35 years.

IMPAIRMENT OF LONG-LIVED ASSETS The Company periodically assesses the likelihood of recovering the cost of long-lived assets based on current and projected operating results and cash flows of the related business operations using undiscounted cash flow analyses. These factors, along with management's plans with respect to the operations, are considered in assessing the recoverability of property, equipment and intangible assets. Long-lived assets determined to be impaired are written down to fair value.

INCOME TAXES The consolidated financial statements are prepared on the accrual method of accounting. Deferred income taxes are provided for temporary differences between the Company's income for accounting and tax purposes.

REVENUE RECOGNITION Revenues from the sale of data processing services are recognized as the related services are provided. Revenues from securities processing and trust services include net investment income of $88,458,000, $77,457,000 and $63,620,000, net of direct credits to customer accounts of $63,519,000, $50,180,000 and $46,006,000 in 1999, 1998 and 1997, respectively. Revenues from the sales of software are recognized in accordance with the AICPA's Statement of Position No. 97-2, "Software Revenue Recognition." Maintenance fee revenue is recognized ratably over the term of the related support period, generally 12 months. Consulting revenue is recognized as the related services are provided. Deferred revenues consist primarily of advance billings for services and are recognized as revenue when the services are provided.

NET INCOME PER SHARE Basic net income per share is computed using the weighted average number of common shares outstanding during the periods. Diluted net income per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the periods. Common equivalent shares consist of stock options and are computed using the treasury stock method. Net income per share for prior years has been restated to reflect three-for-two stock splits effective in April 1999 and May 1998. Amounts utilized in net income per share computations are as follows at December 31:

(In thousands)	**1999**	1998	1997
Weighted average common shares outstanding — basic	**123,143**	122,873	117,021
Assumed conversion of common shares issuable under stock option plan	**3,536**	4,281	3,417
Weighted average common and common equivalent shares outstanding — diluted	**126,679**	127,154	120,438

SUPPLEMENTAL CASH FLOW INFORMATION

(In thousands)	**1999**	1998	1997
Interest paid	**$ 26,075**	$ 21,111	$ 17,358
Income taxes paid	**81,499**	66,066	58,643
Liabilities assumed in acquisitions of businesses	**246,120**	39,816	197,235

ACCOUNTING STANDARDS TO BE ADOPTED In 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Company is currently evaluating the impact of this statement and does not anticipate that the adoption of this statement will have a material impact on the consolidated financial statements. This statement is required to be adopted in 2001.

NOTE 2. ACQUISITIONS

During 1999, 1998 and 1997 the Company completed the following acquisitions:

Company	Month Acquired	Service	Consideration
1999:			
QuestPoint	**Jan.**	**Item processing**	**Cash for assets**
Eldridge & Associates	**Feb.**	**PC-based financial systems**	**Cash for assets**
RF/Spectrum Decision Science Corp.	**Feb.**	**Software and services**	**Cash for stock**
FIPSCO, Inc.	**Mar.**	**Insurance marketing systems**	**Cash for stock**
Progressive Data Solutions, Inc./ Infinity Software Systems, Inc.	**Apr.**	**Insurance software systems**	**Cash for stock**
JWGenesis Clearing Corporation	**Jun.**	**Securities services**	**Cash for stock**
Alliance ADS	**Jun.**	**Imaging technology**	**Cash for assets**
Envision Financial Technologies, Inc.	**Aug.**	**Software and services**	**Cash for stock**
Pinehurst Analytics, Inc.	**Oct.**	**PC-based financial systems**	**Cash for assets**
Humanic Design Corporation	**Dec.**	**Software and services**	**Cash for stock**
1998:			
Automated Financial Technology, Inc.	Jan.	Data processing	Stock for stock
PSI Group (laser printing and custom packing operations)	Feb.	Laser printing	Cash for assets
The LeMans Group	Feb.	Automobile leasing software	Cash for stock
Network Data Processing Corporation	Apr.	Insurance data processing	Stock for stock
CUSA Technologies, Inc.	Apr.	Software and services	Stock for stock
Specialty Insurance Service	May	Insurance data processing	Cash for stock
Deluxe Card Services, a division of Deluxe Corporation	Aug.	Automated card services	Cash for assets
Federal Home Loan Bank of Topeka (item processing contracts)	Oct.	Item processing	Cash for assets
Life Instructors, Inc.	Oct.	Insurance and securities training	Cash for stock
FiCATS	Oct.	Item processing	Cash for assets
ASI Financial Services, Inc.	Nov.	PC-based financial systems	Cash for stock
The FREEDOM Group, Inc.	Dec.	Insurance data processing	Cash for stock

1997:

AdminaStar Communications	Apr.	Laser print and mailing services	Cash for stock
Interactive Planning Systems	May	PC-based financial systems	Stock for stock
BHC Financial, Inc.	May	Securities services	Stock for stock
Florida Infomanagement Services, Inc. (FIS, Inc.)	Sep.	Data processing and software sales	Cash for stock
Stephens Inc. (clearing brokerage operations)	Sep.	Securities services	Cash for assets
Emerald Publications	Oct.	Financial seminars and training	Stock for stock
Central Service Corp.	Oct.	Data processing	Cash for stock
Savoy Discount Brokerage	Oct.	Securities services	Cash for stock
Hanifen, Imhoff Holdings, Inc.	Dec.	Securities services	Cash and stock for stock

Generally, the acquisitions were accounted for as purchases and, accordingly, the operations of the acquired companies are included in the consolidated financial statements since their respective dates of acquisition as set forth above. Net cash paid in connection with these acquisitions was $210,587,000, $217,792,000, and $65,017,000 in 1999, 1998 and 1997, respectively, subject to certain adjustments. Pro forma information for acquisitions accounted for as purchases is not presented as the impact was not material. Certain of the acquisitions in 1998 and 1997 were accounted for as poolings of interests, and except for the 1997 acquisition of BHC Financial, Inc., prior year consolidated financial statements were not restated because the aggregate effect was not material.

NOTE 3. LONG-TERM DEBT

The Company has available a $500,000,000 unsecured line of credit and commercial paper facility with a group of banks, of which $314,000,000 was in use at December 31, 1999 at an average rate of 6.10%. The credit facilities, which expire in May 2004, are comprised of a $250,000,000 five-year revolving credit facility and a $250,000,000 364-day revolving credit facility which is renewable annually through 2004. The loan agreements covering the Company's long-term borrowings contain certain restrictive covenants including, among other things, the maintenance of minimum net worth and various operating ratios with which the Company was in compliance at December 31, 1999. In 1998, the Company entered into interest rate swap agreements to fix the interest rate on certain floating rate debt at an average rate approximating 5.90% (based on current bank fees and spreads) for a principal amount of $200,000,000 with remaining lives of four to six years.

Long-term debt outstanding comprised the following at December 31:

(In thousands)	**1999**	1998
9.45% senior notes payable, due 2000	**$ 4,286**	$ 8,571
9.75% senior notes payable, due 2000-2001	**5,000**	7,500
8.00% senior notes payable, due 2000-2005	**77,143**	90,000
Bank notes and commercial paper, at short-term rates	**386,395**	283,551
TOTAL	**$472,824**	$389,622

Annual principal payments required under the terms of the long-term agreements were as follows at December 31, 1999:

(In thousands)	
YEAR	
2000	$147,084
2001	17,978
2002	14,714
2003	14,714
2004	264,620
Thereafter	13,714
TOTAL	$472,824

Interest expense with respect to long-term debt amounted to $25,111,000, $21,330,000 and $16,964,000 in 1999, 1998 and 1997, respectively.

NOTE 4. INCOME TAXES

A reconciliation of recorded income tax expense with income tax computed at the statutory federal tax rates for the three years ended December 31, 1999 is as follows:

(In thousands)	**1999**	1998	1997
Statutory federal tax rate	**35%**	35%	35%
Tax computed at statutory rate	**$81,786**	$67,789	$53,865
State income taxes — net of federal effect	**9,375**	7,601	5,995
Non-deductible amortization	**3,161**	2,737	1,408
Other	**1,485**	1,283	1,831
TOTAL	**$95,807**	$79,410	$63,099

The provision for income taxes consisted of the following:

(In thousands)	**1999**	1998	1997
Currently payable	**$76,624**	$68,947	$53,865
Tax reduction credited to additional paid-in capital	**5,000**	8,000	5,000
Deferred	**14,183**	2,463	4,234
TOTAL	**$95,807**	$79,410	$63,099

Significant components of the Company's net deferred tax (liability) asset consisted of the following at December 31:

(In thousands)	**1999**	1998
Purchased incomplete software technology	**$ 47,663**	$ 52,276
Accrued expenses not currently deductible	**25,407**	25,329
Deferred revenues	**13,693**	14,558
Internally generated capitalized software	**(30,858)**	(35,188)
Excess of tax over book depreciation and amortization	**(19,438)**	(9,167)
Unrealized gains on investments	**(87,162)**	(27,751)
Other	**(9,268)**	(5,512)
TOTAL	**$(59,963)**	$ 14,545

NOTE 5. EMPLOYEE BENEFIT PLANS

STOCK OPTION PLAN The Company's Stock Option Plan provides for the granting to its employees and directors of either incentive or non-qualified options to purchase shares of the Company's common stock for a price not less than 100% of the fair value of the shares at the date of grant. In general, 20% of the shares awarded under the Plan may be purchased annually and expire 10 years from the date of the award. Changes in stock options outstanding are as follows:

	Number of Shares	Price Range	Weighted Average Exercise Price
Outstanding, December 31, 1996	5,853,173	$ 2.57 - $16.33	$ 8.84
Assumed from BHC	1,265,139	3.25 - 14.00	7.89
Granted	1,551,156	16.00 - 21.78	16.88
Forfeited	(114,827)	2.76 - 16.00	12.78
Exercised	(1,440,820)	2.57 - 16.00	8.70
Outstanding, December 31, 1997	7,113,821	2.76 - 21.78	10.38
Granted	2,677,205	21.83 - 31.59	24.15
Forfeited	(147,030)	4.51 - 24.00	19.48
Exercised	(1,187,123)	2.76 - 24.00	8.43
Outstanding, December 31, 1998	8,456,873	2.76 - 31.59	14.57
Granted	1,535,269	28.81 - 39.50	30.94
Forfeited	(350,093)	16.00 - 34.29	27.42
Exercised	(579,098)	3.25 - 33.02	12.48
Outstanding, December 31, 1999	9,062,951	$ 2.76 - $39.50	$16.89

The following summarizes information about the Company's stock options outstanding and exercisable at December 31, 1999:

	Options Outstanding			Options Outstanding and Exercisable	
Range of Exercise Prices	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Shares	Weighted Average Exercise Price
$ 2.76 - $ 8.00	1,374,353	$ 5.23	1.8	1,304,090	$ 5.51
8.01 - 10.00	2,050,185	8.91	4.3	2,029,146	8.91
10.01 - 22.00	2,593,697	16.97	6.2	1,539,671	16.50
22.01 - 39.50	3,044,716	27.45	8.3	807,648	26.07
$ 2.76 - $39.50	9,062,951	$ 16.89	5.8	5,680,555	$12.63

At December 31, 1999, options to purchase 2,667,755 shares were available for grant under the Plan. The Company has accounted for its stock-based compensation plans in accordance with the provisions of Accounting Principles Board Opinion 25. Accordingly, the Company did not record any compensation expense in the accompanying consolidated financial statements for its stock-based compensation plans. Had compensation expense been recognized consistent with SFAS No.123, "Accounting for Stock-Based Compensation," the Company's net income and net income per share-diluted would have been changed to the pro forma amounts indicated below:

(In thousands, except per share amounts)	**1999**	1998	1997
Net income:			
As reported	**$137,868**	$114,274	$90,800
Pro forma	**131,868**	110,574	88,600
Net income per share-diluted:			
As reported	**$1.09**	$0.90	$0.75
Pro forma	**1.04**	0.87	0.74

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes pricing model with the following assumptions for grants in 1999: 1) expected dividend yield of 0%, 2) risk-free interest rate of 6%, 3) expected volatility of 41.8%, and 4) expected option life of five years.

EMPLOYEE STOCK PURCHASE PLAN Effective January 1, 2000, the Company adopted an employee stock purchase plan, subject to shareholder approval, under which 500,000 shares of common stock would be available for issuance in 2000. Eligible employees may purchase a limited number of shares of common stock each quarter through payroll deductions, at a purchase price equal to 85% of the closing price of the Company's common stock on the last business day of each calendar quarter.

EMPLOYEE SAVINGS PLAN The Company and its subsidiaries have contributory savings plans covering substantially all employees, under which eligible participants may elect to contribute a specified percentage of their salaries, subject to certain limitations. The Company makes matching contributions, subject to certain limitations, and makes discretionary contributions based upon the attainment of certain profit goals. Company contributions vest ratably at 20% for each year of service. Contributions charged to operations under these plans approximated $23,969,000, $16,948,000 and $14,383,000 in 1999, 1998 and 1997, respectively.

NOTE 6. SHAREHOLDERS' EQUITY

SHAREHOLDER RIGHTS PLAN On February 23, 1998, the Company adopted a Shareholder Rights Plan. Under this plan, the shareholders of record as of March 9, 1998 were granted a dividend of one preferred stock purchase right for each outstanding share of Company common stock. The stock purchase rights are not exercisable until certain events occur. The Company filed a Form 8-K with the Securities and Exchange Commission on February 24, 1998 which provides a full description of the Plan.

COMPREHENSIVE INCOME Total comprehensive income was $223,019,000 and $137,586,000 in 1999 and 1998, respectively. The increase in comprehensive income was primarily due to unrealized gains on other investments as of December 31, 1999.

NOTE 7. LEASES, OTHER COMMITMENTS AND CONTINGENCIES

LEASES Future minimum rental payments on various operating leases for office facilities and equipment were due as follows as of December 31, 1999:

(In thousands) Year	
2000	$ 64,931
2001	56,812
2002	47,248
2003	37,318
2004	29,342
Thereafter	41,447
TOTAL	$277,098

Rent expense applicable to all operating leases was approximately $78,620,000, $72,172,000 and $55,515,000 in 1999, 1998 and 1997, respectively.

OTHER COMMITMENTS AND CONTINGENCIES The Company's trust administration subsidiaries had fiduciary responsibility for the administration of approximately $24 billion in trust funds as of December 31, 1999. With the exception of the trust account investments discussed in Note 1, such amounts are not included in the accompanying consolidated balance sheets.

The Company's securities processing subsidiaries are subject to the Uniform Net Capital Rule of the Securities and Exchange Commission. At December 31, 1999, the aggregate net capital of such subsidiaries was $161,943,000, exceeding the net capital requirement by $133,611,000.

In the normal course of business, the Company and its subsidiaries are named as defendants in various lawsuits in which claims are asserted against the Company. In the opinion of management, the liabilities, if any, which may ultimately result from such lawsuits are not expected to have a material adverse effect on the financial statements of the Company.

NOTE 8. BUSINESS SEGMENT INFORMATION

The Company is a leading independent provider of data processing systems and related information management services and products to financial institutions and other financial intermediaries. In accordance with SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," the Company's operations have been classified into three business segments: Financial institution outsourcing, systems and services; Securities processing and trust services; and "All other and corporate." The financial institution outsourcing, systems and services segment provides account and transaction processing solutions and services to financial institutions and other financial intermediaries. The securities processing and trust services segment provides securities processing solutions and retirement plan administration services to brokerage firms, financial planners and financial institutions. The "All other and corporate" segment provides plastic card services and document solutions, and includes general corporate expenses.

Summarized financial information by business segment for each of the three years ended December 31, 1999 is as follows:

(In thousands)	**1999**	1998	1997
REVENUES:			
Financial institution outsourcing, systems and services	**$1,066,514**	$ 951,010	$ 753,209
Securities processing and trust services	**276,215**	234,699	179,217
All other and corporate	**64,816**	47,961	42,006
TOTAL	**$1,407,545**	$1,233,670	$ 974,432
OPERATING INCOME:			
Financial institution outsourcing, systems and services	**$ 175,194**	$ 148,774	$ 117,467
Securities processing and trust services	**80,125**	70,074	51,770
All other and corporate	**(2,234)**	(9,209)	(3,460)
TOTAL	**$ 253,085**	$ 209,639	$ 165,777
IDENTIFIABLE ASSETS:			
Financial institution outsourcing, systems and services	**$1,169,666**	$1,018,541	$ 759,437
Securities processing and trust services	**3,832,868**	2,783,818	2,753,523
All other and corporate	**305,176**	155,979	123,531
TOTAL	**$5,307,710**	$3,958,338	$3,636,491
DEPRECIATION EXPENSE:			
Financial institution outsourcing, systems and services	**$ 48,407**	$ 46,880	$ 38,098
Securities processing and trust services	**9,510**	8,631	7,285
All other and corporate	**5,796**	5,186	3,736
TOTAL	**$ 63,713**	$ 60,697	$ 49,119
CAPITAL EXPENDITURES:			
Financial institution outsourcing, systems and services	**$ 52,724**	$ 60,075	$ 28,627
Securities processing and trust services	**12,119**	11,255	6,667
All other and corporate	**4,854**	6,212	4,471
TOTAL	**$ 69,697**	$ 77,542	$ 39,765

The revenues of each segment are principally domestic, and no single customer accounted for 10% or more of the consolidated revenues for the years ended December 31, 1999, 1998 and 1997.

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

RESULTS OF OPERATIONS The following table sets forth, for the periods indicated, the relative percentage which certain items in the Company's consolidated statements of income bear to revenues and the percentage change in those items from period to period.

	Percentage of Revenues Year Ended December 31,			Period to Period Percentage Increase (Decrease)	
	1999	1998	1997	**1999 vs. 1998**	1998 vs. 1997
Revenues	**100.0%**	100.0%	100.0%	**14.1%**	26.6%
Cost of revenues:					
Salaries, commissions and payroll related costs	**48.1**	46.4	46.7	**18.2**	26.0
Data processing expenses, rentals and telecommunication costs	**7.9**	9.7	10.3	**(6.7)**	18.5
Other operating expenses	**19.4**	21.0	19.5	**5.2**	36.4
Depreciation and amortization of property and equipment	**4.5**	4.9	5.0	**5.0**	23.6
Amortization of intangible assets	**1.6**	1.3	1.5	**43.5**	12.0
Amortization (capitalization) of internally generated computer software — net	**0.5**	(0.3)			
Total cost of revenues	**82.0**	83.0	83.0	**12.7**	26.6
Operating income	**18.0%**	17.0%	17.0%	**20.7**	26.5
Income before income taxes	**16.6%**	15.7%	15.8%	**20.6**	25.9
Net income	**9.8%**	9.3%	9.3%	**20.6**	25.9

Revenues increased $173,875,000 in 1999 and $259,238,000 in 1998. Revenue growth in 1999 and 1998 was derived from sales to new clients, cross-sales to existing clients, growth in the transaction volume experienced by existing clients, price increases and revenues from acquired businesses. Revenues from acquired businesses approximated 45% and 60% of total revenue growth in 1999 and 1998, respectively.

Cost of revenues increased $130,429,000 in 1999 and $215,376,000 in 1998. The make up of cost of revenues has been affected in all years by business acquisitions and changes in the mix of the Company's business.

Amortization of internally generated computer software is stated net of capitalization and increased as a percent of revenues from 1998 to 1999. The increase in 1999 was due to reduced capitalization resulting from Year 2000 activities and accelerated amortization due to the write-down of certain ancillary software products to net realizable value.

Operating income increased $43,446,000 in 1999 and $43,862,000 in 1998. The Company's operating margins increased by 1% from 1998 to 1999 and remained unchanged from 1997 to 1998.

The effective income tax rate was 41% in all three years, and the effective income tax rate for 2000 is expected to remain at 41%.

The Company's growth has been accomplished, to a significant degree, through the acquisition of businesses which are complementary to its operations. Management believes that a number of acquisition candidates are available which would further enhance its competitive position and plans to pursue them vigorously. Management is engaged in an ongoing program to reduce expenses related to acquisitions by eliminating operating redundancies. The Company's approach has been to move slowly in achieving this goal in order to minimize the amount of disruption experienced by its clients and the potential loss of clients due to this program.

SEGMENT INFORMATION The following table sets forth revenue and operating income by business segment for the years ended December 31:

(In thousands)	**1999**	1998	1997
REVENUES:			
Financial institution outsourcing, systems and services	**$1,066,514**	$ 951,010	$753,209
Securities processing and trust services	**276,215**	234,699	179,217
All other and corporate	**64,816**	47,961	42,006
TOTAL	**$1,407,545**	$1,233,670	$974,432
OPERATING INCOME:			
Financial institution outsourcing, systems and services	**$ 175,194**	$ 148,774	$117,467
Securities processing and trust services	**80,125**	70,074	51,770
All other and corporate	**(2,234)**	(9,209)	(3,460)
TOTAL	**$ 253,085**	$ 209,639	$165,777

Revenues in the financial institution outsourcing, systems and services business segment increased $115,504,000 in 1999 and $197,801,000 in 1998. Revenue growth in 1999 and 1998 was derived from sales to new clients, cross-sales to existing clients, growth in the transaction volume experienced by existing clients, price increases and revenues from acquired businesses. Operating income in the financial institution outsourcing, systems and services business segment increased $26,420,000 and $31,307,000 in 1999 and 1998, respectively, while operating margins were consistent year to year.

Revenues in the securities processing and trust services business segment increased $41,516,000 in 1999 and $55,482,000 in 1998. Revenue growth in 1999 and 1998 was derived primarily from sales to new clients, increased transaction volume from existing clients and revenues from acquired businesses. Operating income in the securities processing and trust services business segment increased $10,051,000 and $18,304,000 in 1999 and 1998, respectively, while operating margins were relatively consistent year to year.

Revenues in the "All other and corporate" segment increased $16,855,000 in 1999 and $5,955,000 in 1998. The increase in revenues in 1999 over 1998 resulted primarily from sales to new clients and the full year 1999 impact of an acquisition which was completed in August 1998. Operating income in this business segment increased $6,975,000 in 1999 and decreased $5,749,000 in 1998. The increase in operating income in 1999 over 1998 was due to an acquisition and increased profitability in the Company's plastic card operations.

LIQUIDITY AND CAPITAL RESOURCES The following table summarizes the Company's primary sources of funds for the years ended December 31:

(In thousands)	1999	1998	1997
Cash provided by operating activities before changes in securities processing receivables and payables — net	**$ 318,715**	$273,315	$200,517
Securities processing receivables and payables — net	**(140,878)**	7,080	(5,948)
Cash provided by operating activities	**177,837**	280,395	194,569
Increase (decrease) in net borrowings	**169,959**	79,835	(31,096)
TOTAL	**$ 347,796**	$360,230	$163,473

The Company has used a significant portion of its cash flow from operations for acquisitions and capital expenditures with any remainder used to reduce long-term debt.

The Company believes that its cash flow from operations together with other available sources of funds will be adequate to meet its funding requirements. In the event that the Company makes significant future acquisitions, however, it may raise funds through additional borrowings or issuance of securities.

STOCK BUYBACK PLAN During 1999, the Company's Board of Directors authorized the repurchase of up to 3,250,000 shares of the Company's common stock. Shares purchased under the authorization will be made through open market transactions that may occur from time to time as market conditions warrant. Shares acquired will be held for issuance in connection with acquisitions and/or in conjunction with employee stock option plans.

YEAR 2000 SYSTEMS EVALUATION The Company provides data processing and other related services to financial institutions of all kinds. The Company has completed the Year 2000 renovation of its systems. The Company has met its Year 2000 compliance commitments using existing resources, without incurring significant incremental expenses. Although the Company does not maintain accounting records that separately identify all of the associated costs with its Year 2000 activities, it has estimated that commencing with 1996, such costs have approximated $15 million annually. The Company does not expect to incur any significant costs in 2000 related to Year 2000 activities.

MARKET RISK FACTORS Market risk refers to the risk that a change in the level of one or more market prices, interest rates, indices, correlations or other market factors, such as liquidity, will result in losses for a certain financial instrument or group of financial instruments. The Company is exposed primarily to interest rate risk on investments and borrowings. The Company actively monitors these risks through a variety of control procedures involving senior management.

The Company's trust administration subsidiaries accept money market account deposits from trust customers and invest those funds in marketable securities. Substantially all of the investments are rated within the highest investment grade categories for securities. The Company's trust administration subsidiaries utilize simulation models for measuring and monitoring interest rate risk and market value of portfolio equities. A formal Asset Liability Committee of the Company meets quarterly to review interest rate risks, capital ratios, liquidity levels, portfolio diversification, credit risk ratings and adherence to investment policies and guidelines. Substantially all of the investments at December 31, 1999 have contractual maturities of one year or less except for government agency and certain fixed income mortgage backed obligations, which have an average duration of approximately two years and six months.

The Company manages its debt structure and interest rate risk through the use of fixed- and floating-rate debt and through the use of derivatives. The Company uses interest rate swaps to hedge its exposure to interest rate changes, and to lower its financing costs. Generally, under these swaps, the Company agrees with a counterparty to exchange the difference between fixed-rate and floating-rate interest amounts based on an agreed principal amount. As of December 31, 1999, unrealized gains related to interest rate swap agreements are not material.

Based on the controls in place, management believes the risk associated with these instruments at December 31, 1999 will not have a material effect on the Company's consolidated financial position or results of operations.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 Except for the historical information contained herein, the matters discussed in this annual report are forward-looking statements which involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, services and related products, prices and other factors discussed in the Company's prior filings with the Securities and Exchange Commission. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included in this annual report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

SELECTED FINANCIAL DATA The following data, which has been materially affected by acquisitions, should be read in conjunction with the financial statements and related notes thereto included elsewhere in this Annual Report.

(In thousands, except per share data) Year ended December 31,	**1999**	1998	1997	1996	1995
Revenues	**$1,407,545**	$1,233,670	$ 974,432	$ 879,449	$ 769,104
Income (loss) before income taxes	**233,675**	193,684	153,899	134,462	(76,146)
Income taxes (credit)	**95,807**	79,410	63,099	54,754	(30,220)
Net income (loss)	**137,868**	114,274	90,800	79,708	(45,926)
Net income (loss) per share:					
Basic	**$1.12**	$0.93	$0.78	$0.69	$(0.41)
Diluted	**$1.09**	$0.90	$0.75	$0.68	$(0.41)
As originally reported-diluted	**$1.09**	$0.90	$0.75	$0.59	$ 0.50
Total assets	**$5,307,710**	$3,958,338	$3,636,491	$2,698,979	$2,514,597
Long-term debt	**472,824**	389,622	252,031	272,864	383,416
Shareholders' equity	**1,091,016**	885,797	769,255	605,898	514,866

Note: *The above information has been restated to recognize (1) three-for-two stock splits effective in April 1999 and May 1998 and (2) the acquisition of BHC Financial, Inc. (BHC) in 1997, accounted for as a pooling of interest. The net income (loss) per share as originally reported-diluted is before the restatement due to the BHC pooling of interest and excludes one-time after-tax charges of $1.11 per share related to the acquisition of Information Technology, Inc. in 1995.*

QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

(In thousands, except per share data)	Quarters				
1999	First	Second	Third	Fourth	Total
Revenues	**$337,129**	**$343,252**	**$352,663**	**$374,501**	**$ 1,407,545**
Cost of revenues	**276,506**	**280,738**	**288,094**	**309,122**	**1,154,460**
Operating income	**60,623**	**62,514**	**64,569**	**65,379**	**253,085**
Income before income taxes	**56,638**	**58,199**	**59,656**	**59,182**	**233,675**
Income taxes	**23,222**	**23,861**	**24,459**	**24,265**	**95,807**
Net income	**$ 33,416**	**$ 34,338**	**$ 35,197**	**$ 34,917**	**$ 137,868**
Net income per share:					
Basic	**$0.27**	**$0.28**	**$0.29**	**$0.28**	**$1.12**
Diluted	**$0.26**	**$0.27**	**$0.28**	**$0.28**	**$1.09**
1998					
Revenues	$273,829	$311,220	$309,543	$339,078	$ 1,233,670
Cost of revenues	224,445	258,398	256,609	284,579	1,024,031
Operating income	49,384	52,822	52,934	54,499	209,639
Income before income taxes	46,017	48,594	48,936	50,137	193,684
Income taxes	18,867	19,924	20,063	20,556	79,410
Net income	$ 27,150	$ 28,670	$ 28,873	$ 29,581	$ 114,274
Net income per share:					
Basic	$0.22	$0.23	$0.23	$0.24	$0.93
Diluted	$0.22	$0.22	$0.23	$0.23	$0.90

MARKET PRICE INFORMATION The following information relates to the closing price of the Company's $.01 par value common stock, which is traded on the Nasdaq National Market tier of the Nasdaq Stock Market under the symbol FISV. Information for all periods has been adjusted (to the nearest $\frac{1}{32}$) to recognize the three-for-two stock splits effective April 1999 and May 1998.

	1999		1998	
Quarter Ended	**High**	**Low**	High	Low
March 31	**$37\frac{19}{32}$**	**30**	$28\frac{5}{32}$	$20\frac{21}{32}$
June 30	**40**	**$31\frac{5}{16}$**	30	$25\frac{11}{32}$
September 30	**$34\frac{1}{8}$**	**$27\frac{1}{4}$**	$32\frac{21}{32}$	26
December 31	**$39\frac{3}{16}$**	**$24\frac{3}{4}$**	$35\frac{13}{32}$	$25\frac{1}{2}$

At December 31, 1999, the Company's common stock was held by 2,590 shareholders of record. It is estimated that an additional 38,000 shareholders own the Company's stock through nominee or street name accounts with brokers. The closing sale price for the Company's stock on January 20, 2000 was $36.75 per share.

The Company's present policy is to retain earnings to support future business opportunities, rather than to pay dividends.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The management of Fiserv, Inc. assumes responsibility for the integrity and objectivity of the information appearing in the 1999 Annual Report. This information was prepared in conformity with generally accepted accounting principles and necessarily reflects the best estimates and judgment of management.

To provide reasonable assurance that transactions authorized by management are recorded and reported properly and that assets are safeguarded, the Company maintains a system of internal controls. The concept of reasonable assurance implies that the cost of such a system is weighed against the benefits to be derived therefrom.

Deloitte & Touche LLP, certified public accountants, audit the financial statements of the Company in accordance with generally accepted auditing standards. Their audit includes a review of the internal control system, and improvements are made to the system based upon their recommendations.

The Audit Committee ensures that management and the independent auditors are properly discharging their financial reporting responsibilities. In performing this function, the Committee meets with management and the independent auditors throughout the year. Additional access to the Committee is provided to Deloitte & Touche LLP on an unrestricted basis, allowing discussion of audit results and opinions on the adequacy of internal accounting controls and the quality of financial reporting.

LESLIE M. MUMA
Vice Chairman and Chief Executive Officer

INDEPENDENT AUDITORS' REPORT

Shareholders and Directors of Fiserv, Inc.
We have audited the accompanying consolidated balance sheets of Fiserv, Inc. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

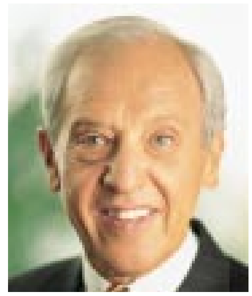
In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Fiserv, Inc. and subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

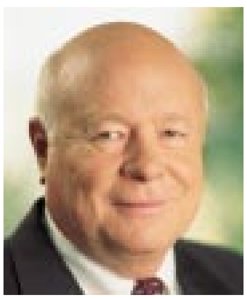
DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin
January 28, 2000

BOARD OF DIRECTORS

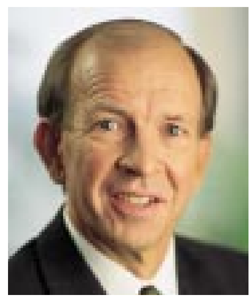
George D. Dalton, 71, Chairman of Fiserv, Inc. With more than 40 years in the data processing industry, Mr. Dalton has served as Chairman and Director since July 1984.



Gerald J. Levy, 67, Chairman of the Board and CEO of Guaranty Bank, S.S.B. With nearly 40 years in the financial and business arenas, Mr. Levy has served as a Director since March 1986.

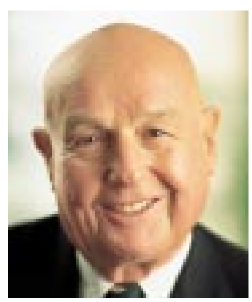


Donald F. Dillon, 59, Vice Chairman of Fiserv, Inc. and Chairman of Information Technology, Inc. With more than 30 years in the financial and data processing industries, Mr. Dillon has served as Vice Chairman and Director since May 1995.



Leslie M. Muma, 55, Vice Chairman, President and CEO of Fiserv, Inc. With more than 30 years in the data processing industry, Mr. Muma has served as a Director since July 1984. He became Vice Chairman in May 1995 and CEO in March 1999.

Kenneth R. Jensen, 56, Senior Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of Fiserv, Inc. With more than 30 years in the data processing industry, Mr. Jensen has served as a Director since July 1984.



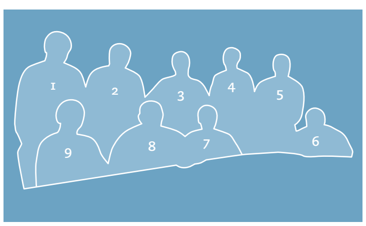
L. William Seidman, 78, Chief Commentator for CNBC-TV, Publisher of *Bank Director* and *Board Member* magazines, and Industry Consultant. With more than 40 years in the business, financial and political arenas, Mr. Seidman has served as a Director since February 1992.

Daniel P. Kearney, 60, Financial Consultant. With more than 30 years in the banking, insurance and legal industries, Mr. Kearney has served as a Director since November 1999.

Thekla R. Shackelford, 65, Educational Consultant. With more than 20 years in the fields of education and public service, Ms. Shackelford has served as a Director since November 1994.

For complete profiles of the Fiserv Board of Directors, please see the proxy statement.

MANAGEMENT COMMITTEE



1 Gordon G. Rockafellow **2** Howard F. Arner
3 Robert H. Beriault **4** Charles W. Sprague
5 Frank R. Martire **6** Donald F. Dillon
7 Dean C. Schmelzer **8** Norman J. Balthasar
9 Leslie M. Muma

Howard F. Arner, 59, President & COO, Insurance Solutions Group. Mr. Arner's responsibilities include technology for insurance products and services, consulting, education, implementation, actuarial and outsourcing services. He has more than 30 years experience in the insurance industry.

Norman J. Balthasar, 53, President & COO, Financial Institution Outsourcing Group. Mr. Balthasar's responsibilities include technology for bank servicing, lending systems and item processing services. He has nearly 30 years experience in the financial industry.

Robert H. Beriault, 48, President & COO, Securities Group. Mr. Beriault's responsibilities include technology for security processing solutions, services and products for the brokerage industry. He has more than 20 years experience in the financial services industry.

Donald F. Dillon, 59, see Board of Directors for profile.

Frank R. Martire, 52, President & COO, Financial Institution Systems and Services Group. Mr. Martire's responsibilities include technology for bank software and services, credit union software and services, e-products and services, and complementary products and services. He has more than 30 years experience in the financial industry.

Leslie M. Muma, 55, see Board of Directors for profile.

Gordon G. Rockafellow, 63, President & COO, Trust Services Group. Mr. Rockafellow's responsibilities include technology for specialized account processing, administration and trusteeship of self-directed IRAs, business retirement plans and custodial accounts. He has nearly 30 years experience in the marketing and financial services industries.

Dean C. Schmelzer, 49, Executive Vice President – Marketing & Sales. Mr. Schmelzer's responsibilities include overall company-wide sales and marketing management, expansion of the Fiserv sales organization, coordination of relationship management, and merger and acquisition support. He has nearly 25 years experience in the data processing industry.

Charles W. Sprague, 50, Executive Vice President, General Counsel, Chief Administrative Officer and Secretary. Mr. Sprague's responsibilities include administration of corporate legal services, human resources and insurance/travel services. He has nearly 25 years experience in the legal profession and financial services industry.

EXECUTIVE OFFICERS

CORPORATE OFFICERS

Howard F. Arner, 59
President & COO,
Insurance Solutions Group

Norman J. Balthasar, 53
President & COO,
Financial Institution Outsourcing Group

Robert H. Beriault, 48
President & COO,
Securities Group

Donald F. Dillon, 59
Vice Chairman,
Chairman – Information Technology, Inc

Kenneth R. Jensen, 56
Senior Executive Vice President,
Chief Financial Officer & Treasurer

Frank R. Martire, 52
President & COO,
Financial Institution Systems
& Services Group

Leslie M. Muma, 55
Vice Chairman, President & CEO

Daniel F. Murphy, 50
Senior Vice President,
Director of Audit

Gordon G. Rockafellow, 63
President & COO,
Trust Services Group

Dean C. Schmelzer, 49
Executive Vice President,
Marketing & Sales

Charles W. Sprague, 50
Executive Vice President, General
Counsel, Chief Administrative Officer
& Secretary

FINANCIAL INSTITUTION OUTSOURCING GROUP

Norman J. Balthasar, 53
President & COO,
Financial Institution Outsourcing Group

Kenneth R. Acheson, 52
President,
Fiserv Solutions of Canada

David G. Krystowiak, 50
President,
Bank Servicing Division I

Donald W. Layden, Jr., 42
President,
Lending Systems Division

James C. Puzniak, 53
President,
Bank Servicing Division II

Frank M. Smeal, 57
President,
Bank Servicing Division III

Keith D. Tarr, 56
President,
Item Processing Service Bureau Division

Stephen J. Ward, 47
Senior Vice President,
Item Processing Outsourcing

FINANCIAL INSTITUTION SYSTEMS & SERVICES GROUP

Frank R. Martire, 52
President & COO,
Financial Institution Systems
& Services Group

Paul T. Danola, 48
President,
Credit Union Systems &
Services Division; and
President,
E-Products & Services Division

Thomas A. Neill, 50
President,
Products & Services Division

Rodney D. Poskochil, 47
President,
Bank Systems & Services Division

INSURANCE SOLUTIONS GROUP

Howard F. Arner, 59
President & COO,
Insurance Solutions Group

Stephen F. Abbott, 45
President,
Fiserv SIS

Thomas L. Bittenbender, 41
President,
Progressive Data Solutions

Larry J. Kane, 54
President,
The Freedom Group

Anthony T. Perdichezzi, 52
President,
Fiserv NDP

John L. Sullivan, 52
President,
Life Instructors, Inc.

Barry W. Watkins, 52
President,
FIPSCO

SECURITIES GROUP

Robert H. Beriault, 48
President & COO,
Securities Group

Henry H. Clines, 58
President,
Fiserv Investor Services, Inc.

Lawrence E. Donato, 51
President,
Fiserv Securities, Inc.

George A. Johnson, 50
President,
Fiserv Correspondent Services, Inc.

TRUST SERVICES GROUP

Gordon G. Rockafellow, 63
President & COO,
Trust Services Group

Craig J. Faulkner, 46
President,
Emerald Publications

Joan K. Manning, 47
President,
Lincoln Trust Company

D. Terry Reitan, 53
President,
First Trust Corporation

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Where Money and Technology Meet℠

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2000 Annual Shareholders' Meeting
Thursday, March 30, 2000
Fiserv Corporate Office
Brookfield, Wisconsin