

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)*

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

Act of 1934 for the quarterly period ended June 30, 1996 or

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

Act of 1934 for the transition period from _____ to _____

0-10200

(Commission File Number)

SEI CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania

23-1707341

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification Number)

680 East Swedesford Road, Wayne, Pennsylvania 19087-1658

(Address of principal executive offices)
(Zip Code)

(610) 254-1000

(Registrant's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days. Yes No

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

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

*APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of June 30, 1996: 18,708,579 shares of common stock, par value
\$.01 per share.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets

(In thousands)

<TABLE>
<CAPTION>

June 30, 1996 December 31, 1995

(unaudited)

<S>

<C>

<C>

Assets

- -----

Current assets:

Cash and cash equivalents	\$ 7,327	\$ 10,256
Receivables, net of allowance for doubtful accounts of \$1,350 and \$1,206	23,939	22,436
Receivables from regulated investment companies	9,791	8,757
Deferred income taxes	1,856	2,584
Loans receivable available for sale	14,221	5,152
Prepaid expenses	4,381	4,890
	-----	-----
Total current assets	61,515	54,075
	-----	-----
Net assets of discontinued operations	9,369	6,046
	-----	-----
Investments available for sale	--	6,205
	-----	-----
Property and equipment, net of accumulated depreciation and amortization of \$63,674 and \$61,513	31,370	24,299
	-----	-----
Capitalized software, net of accumulated amortization of \$4,553 and \$3,746	7,531	4,356
	-----	-----
Other assets, net	8,863	6,366
	-----	-----
Total Assets	\$118,648	\$101,347
	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements.

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Consolidated Balance Sheets

(In thousands, except par value)

<TABLE>
<CAPTION>

	June 30, 1996	December 31, 1995
	(unaudited)	
	<C>	<C>
Liabilities and Shareholders' Equity		
- -----		
Current liabilities:		
Short-term borrowings	\$ 9,000	\$ --
Accounts payable	5,880	6,252
Accrued compensation	7,648	13,724
Other accrued liabilities	22,751	19,115
Deferred revenue	4,730	5,795
	-----	-----
Total current liabilities	50,009	44,886
	-----	-----
Deferred income taxes	1,054	459
	-----	-----
Shareholders' equity:		
Common stock, \$.01 par value, 100,000 shares authorized; 18,709 and 18,425 shares issued and outstanding	187	184
Capital in excess of par value	52,684	48,207

Retained earnings	14,840	7,167
Cumulative translation adjustments	(126)	(58)
Unrealized holding gain on investments	--	502
	-----	-----
Total shareholders' equity	67,585	56,002
	-----	-----
Total Liabilities and Shareholders' Equity	\$118,648	\$101,347
	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements.

3

Consolidated Statements of Income

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

<TABLE>
<CAPTION>

	Three Months	
	----- Ended June 30, -----	
	1996	1995
	----	----
<S>	<C>	<C>
Revenues	\$61,541	\$55,737
Expenses:		
Operating and development	34,406	29,267
Sales and marketing	17,325	14,726
General and administrative	2,975	4,424
	-----	-----
Income from continuing operations before interest and income taxes	6,835	7,320
Gain on sale of investments available for sale	(1,097)	--
Interest income, net	(60)	(220)
	-----	-----
Income from continuing operations before income taxes	7,992	7,540
Income taxes	3,099	3,016
	-----	-----
Income from continuing operations	4,893	4,524
Loss from discontinued operations, net of income tax benefit of \$603	--	(904)
	-----	-----
Net income	\$ 4,893	\$ 3,620
	=====	=====
Earnings per share from continuing operations	\$.25	\$.23
Loss per share from discontinued operations	--	(.05)
	-----	-----
Earnings per common and common equivalent share (primary and fully diluted)	\$.25	\$.18
	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements.

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Consolidated Statements of Income

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

<TABLE>
<CAPTION>

	Six Months	
	Ended June 30,	
	1996	1995
<S>	<C>	<C>
Revenues	\$124,780	\$109,236
Expenses:		
Operating and development	68,221	55,930
Sales and marketing	33,871	27,678
General and administrative	6,132	8,602
	-----	-----
Income from continuing operations before interest and income taxes	16,556	17,026
Gain on sale of investments available for sale	(1,097)	--
Interest income, net	(157)	(382)
	-----	-----
Income from continuing operations before income taxes	17,810	17,408
Income taxes	7,124	6,963
	-----	-----
Income from continuing operations	10,686	10,445
Loss from discontinued operations, net of income tax benefit of \$1,295	--	(1,942)
	-----	-----
Net income	\$ 10,686	\$ 8,503
	=====	=====
Earnings per share from continuing operations	\$.55	\$.53
Loss per share from discontinued operations	--	(.10)
	-----	-----
Earnings per common and common equivalent share (primary and fully diluted)	\$.55	\$.43
	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements.

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Consolidated Statements of Cash Flows

(unaudited)
(In thousands)

<TABLE>
<CAPTION>

	Six Months	
	Ended June 30,	
	1996	1995
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 10,686	\$ 8,503
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,380	5,886
Provision for losses on receivables	144	--
Discontinued operations	(3,323)	2,816
Tax benefit on stock options exercised	1,553	1,150
Gain on sale of investments available for sale	(1,097)	--
Other	1,849	(1,658)
Change in current assets and liabilities:		
Decrease (increase) in		
Receivables	(1,647)	(5,437)
Receivables from regulated investment companies	(1,034)	(935)
Loans receivable available for sale	(9,069)	--

Prepaid expenses	509	(58)
Increase (decrease) in		
Accounts payable	(372)	532
Accrued compensation	(6,076)	(5,704)
Other accrued liabilities	5,478	(207)
Deferred revenue	(1,065)	(401)
	-----	-----
Net cash provided by operating activities	1,916	4,487
	-----	-----
Cash flows from investing activities:		
Additions to property and equipment	(11,388)	(4,198)
Additions to capitalized software	(3,982)	(876)
Deposit on property and equipment	(1,398)	--
Investment in joint venture	(1,658)	--
Proceeds from sale of investments available for sale	6,536	--
Purchase of investments available for sale	--	(5,132)
Other	(27)	200
	-----	-----
Net cash used in investing activities	(11,917)	(10,006)
	-----	-----
Cash flows from financing activities:		
Purchase and retirement of common stock	(870)	(5,781)
Proceeds from issuance of common stock	3,032	3,890
Proceeds from short-term borrowings	9,000	--
Payment of dividends	(4,090)	(3,396)
	-----	-----
Net cash provided by (used in) financing activities	7,072	(5,287)
	-----	-----
Net decrease in cash and cash equivalents	(2,929)	(10,806)
Cash and cash equivalents, beginning of period	10,256	20,232
	-----	-----
Cash and cash equivalents, end of period	\$ 7,327	\$ 9,426
	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements.

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Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Operations

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

Summary Financial Information and Results of Operations

In the opinion of the Company, the accompanying unaudited Consolidated Financial Statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position as of June 30, 1996, the results of operations for the three and six months ended June 30, 1996 and 1995, and the cash flows for the six months ended June 30, 1996 and 1995.

Interim Financial Information

While the Company believes that the disclosures presented are adequate to make the information not misleading, these Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the notes included in the Company's latest

annual report on Form 10-K.

Property and Equipment

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

<TABLE>
<CAPTION>

	June 30, 1996	December 31, 1995	Estimated Useful Lives (In Years)
<S>	<C>	<C>	<C>
Equipment	\$ 43,603,000	\$ 43,469,000	3
Buildings, furniture and fixtures	16,747,000	16,754,000	3 to 39
Leasehold improvements	9,814,000	9,814,000	Lease Term
Purchased software	7,765,000	7,220,000	3
Land	4,065,000	4,065,000	N/A
Construction in progress	13,050,000	4,490,000	N/A
	95,044,000	85,812,000	
Less: Accumulated depreciation and amortization	(63,674,000)	(61,513,000)	
Property and equipment, net	\$ 31,370,000	\$ 24,299,000	

</TABLE>

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

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

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Capitalized Software

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

Earnings per Share

The Company utilizes the modified treasury stock method to compute earnings per share since common share equivalents at the end of the period exceeded 20 percent of the number of common shares outstanding. Earnings per common and common equivalent share (primary earnings per share) is computed using the weighted average number of common shares and common share equivalents (stock options) outstanding. Earnings per share, assuming full dilution (fully diluted earnings per share), is based upon an increased number of shares that would be outstanding assuming exercise of stock options when the Company's stock price at the end of the period is higher than the average price within the respective period. If the inclusion of common stock equivalents has an anti-dilutive effect in the aggregate, it is excluded from the earnings per share calculation. For the three months ended June 30, 1996 and 1995, the weighted average shares outstanding for primary earnings per share were 19,526,000 and 19,668,000, respectively. For the six months ending June 30, 1996 and 1995, the weighted average shares outstanding

for primary earnings per share were 19,505,000 and 19,598,000, respectively. Shares used to calculate fully diluted earnings per share were not materially different from those used for primary earnings per share.

Statements of Cash Flows

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

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

<TABLE>
<CAPTION>

	1996 ----	1995 ----
<S>	<C>	<C>
Interest paid	\$ 242,000	\$ --
Interest and dividends received	\$ 436,000	\$ 337,000
Income taxes paid	\$5,100,000	\$7,893,000

</TABLE>

Stock-Based Compensation Plans

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

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Management's Use of Estimates

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

Reclassifications

The financial statements for prior periods have been reclassified to conform with the current quarter's presentation.

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

approved a plan of disposal for the SEI Capital Resources Division ("CR") and the SEI Defined Contribution Retirement Services Division ("DC"). CR provides investment performance evaluation services, consulting services, and brokerage services to employee benefit plan sponsors and investment advisors in the United States. DC provided administrative and processing services, recordkeeping services, and employee retirement planning materials for use by defined contribution plans. For CR, the expected manner of disposal is the sale of substantially all of its assets. For DC, its full-service recordkeeping operations were transferred to KPMG Peat Marwick ("KPMG") during the first quarter of 1996. The Company anticipates CR's sale to be completed in 1996.

CR and DC are being accounted for as discontinued operations with a measurement date of May 31, 1995. The accompanying Consolidated Financial Statements reflect the operating results and balance sheet items of the discontinued operations separately from continuing operations. The Company expects that the sale of CR will result in a gain on the disposal of CR's assets which will be sufficient to offset the losses of DC from the measurement date to the disposal date and the loss on the transfer of DC to KPMG. As a result, no estimated losses for DC have been accrued and the net gain will be recognized when realized. The gain expected from the sale of CR is based upon management's best estimate of the amount to be realized. The amount the Company will ultimately realize could differ from this estimate. The

net income or net loss from discontinued operations from the measurement date to the disposal date will be recorded as an adjustment to the net assets or net liabilities of the discontinued operations on the accompanying Consolidated Balance Sheets.

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

<TABLE>
<CAPTION>

	Two Months ----- Ended May 31, 1995 -----	Five Months ----- Ended May 31, 1995 -----
<S>	<C>	<C>
Revenues	\$ 6,445,000 =====	\$17,674,000 =====
Loss before income tax benefit	\$(1,507,000)	\$(3,237,000)
Income tax benefit	603,000	1,295,000
Loss	\$ (904,000) =====	\$(1,942,000) =====

</TABLE>

9

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

<TABLE>
<CAPTION>

	June 30, 1996 -----	December 31, 1995 -----
<S>	<C>	<C>
Current assets	\$5,598,000	\$7,709,000
Property and equipment, net	920,000	1,257,000
Other assets	4,828,000	5,581,000
Current liabilities	(8,483,000)	(11,835,000)
Deferred income taxes	(467,000)	(421,000)
Loss from discontinued operations for the period beginning June 1, 1995, net of income tax benefit of \$1,718,000 and \$462,000	6,973,000 -----	3,755,000 -----
Net assets of discontinued operations	\$9,369,000 =====	\$6,046,000 =====

</TABLE>

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

<TABLE>
<CAPTION>

	June 30, 1996 -----	December 31, 1995 -----
<S>	<C>	<C>
Trade receivables	\$13,669,000	\$14,474,000
Fees earned, not received	4,212,000	2,866,000
Fees earned, not billed	7,408,000 -----	6,302,000 -----
Less: Allowance for doubtful accounts	25,289,000 (1,350,000) -----	23,642,000 (1,206,000) -----
	\$23,939,000 =====	\$22,436,000 =====

</TABLE>

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

Receivables from regulated investment companies on the accompanying Consolidated Balance Sheets represent fees collected from the Company's wholly owned subsidiaries, SEI Financial Services Company and SEI

Financial Management Corporation, for distribution, investment advisory, and administration services provided by these subsidiaries to various regulated investment companies.

Note 4. Loans Receivable Available for Sale - Loans receivable available for

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

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Note 5. Investments Available for Sale - Investments available for sale consist

of mutual funds sponsored by the Company which were primarily invested in equity securities. The Company accounts for investments pursuant to Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). SFAS 115 requires that debt and equity securities classified as available for sale be reported at market value. Unrealized holding gains and losses on these investments are reported as a separate component of Shareholders' equity. Realized gains and losses are determined by the specific identification method and are reported separately on the accompanying Consolidated Statements of Income.

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

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

Note 6. Debt - The Company has a line of credit agreement (the "Agreement")

with its principal lending institution which provides for borrowing of up to \$30,000,000. The Agreement ends on May 31, 1997, at which time the outstanding principal balance, if any, becomes payable unless the Agreement is extended. The line of credit, when utilized, accrues interest at the Prime rate or five-eighths percent above the London Interbank Offered Rate. The Company is obligated to pay a commitment fee equal to one-eighth percent per annum on the average daily unused portion of the commitment. The line of credit is secured by the common stock of the Company's wholly owned subsidiaries. Certain other covenants under the Agreement require the Company to maintain specified levels of net worth, prohibit unsecured borrowings, and place certain restrictions on investments.

The maximum month-end amount of debt outstanding during the six months ended June 30, 1996 was \$11,000,000. The weighted average balance of debt outstanding was \$8,412,000 during 1996. Interest expense was \$137,000 and \$257,000 for the three and six months ended June 30, 1996, respectively, based on a weighted average interest rate of approximately six percent during 1996. The Company had no outstanding debt during the first six months of 1995.

In July 1996, the Company borrowed an additional \$11,000,000 on its line of credit. As of August 9, 1996, the outstanding balance on the line of credit was \$20,000,000.

Note 7. Common Stock Buyback - The Board of Directors has authorized the

purchase of the Company's common stock on the open market or through private transactions of up to an aggregate of \$175,729,000. Through June 30, 1996, a total of 12,740,000 shares at an aggregate cost of \$156,602,000 have been purchased and retired. The Company purchased 40,000 shares at a cost of \$870,000 during the second quarter of 1996.

In July 1996, the Company purchased an additional 487,000 shares of common stock at a cost of \$8,766,000.

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

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Note 8. Dividend - On May 21, 1996, the Board of Directors declared a cash dividend of \$.12 per share on the Company's common stock, which was paid on June 28, 1996 to shareholders of record on June 12, 1996.

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

Note 9. Segment Information - The Company defines its business segments to reflect the Company's focus around two core product lines: Investment Technology and Services and Asset Management. The Investment Technology and Services segment consists of the Company's trust technology and proprietary mutual fund businesses. The Asset Management segment consists of the Company's liquidity management, asset management, and mutual fund businesses.

The following tables highlight certain unaudited financial information from continuing operations about each of the Company's segments for the three and six months ended June 30, 1996 and 1995. Prior-period business segment information has been restated to conform with current-period presentation.

<TABLE>
<CAPTION>

	Investment Technology and Services -----	Asset Management -----	General and Admin. -----	Consolidated -----
	For the Three-Month Period Ended June 30, 1996			
<S>	<C>	<C>	<C>	<C>
Revenues	\$42,488,000 =====	\$19,053,000 =====		\$61,541,000 =====
Operating profit	\$ 9,135,000 =====	\$ 675,000 =====		\$ 9,810,000
General and administrative expenses			\$2,975,000 =====	2,975,000
Gain on sale of investments available for sale				(1,097,000)
Interest income, net				(60,000) -----
Income from continuing operations before income taxes				\$ 7,992,000 =====
Depreciation and amortization	\$ 2,189,000 =====	\$ 575,000 =====	\$ 54,000 =====	\$ 2,818,000 =====
Capital expenditures	\$ 1,290,000 =====	\$ 60,000 =====	\$6,223,000 =====	\$ 7,573,000 =====

<CAPTION>

	For the Three-Month Period Ended June 30, 1995			
<S>	<C>	<C>	<C>	<C>
Revenues	\$38,986,000 =====	\$16,751,000 =====		\$55,737,000 =====
Operating profit	\$10,510,000 =====	\$ 1,234,000 =====		\$11,744,000
General and administrative expenses			\$4,424,000 =====	4,424,000
Interest income, net				(220,000) -----
Income from continuing operations				

before income taxes				\$ 7,540,000
				=====
Depreciation and amortization	\$ 2,316,000	\$ 557,000	\$ 73,000	\$ 2,946,000
	=====	=====	=====	=====
Capital expenditures	\$ 1,125,000	\$ 311,000	\$1,191,000	\$ 2,627,000
	=====	=====	=====	=====

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<TABLE>
<CAPTION>

	Investment Technology and Services -----	Asset Management -----	General and Admin. -----	Consolidated -----
For the Six-Month Period Ended June 30, 1996				
<S>	<C>	<C>	<C>	<C>
Revenues	\$88,851,000	\$35,929,000		\$124,780,000
	=====	=====		=====
Operating profit	\$21,002,000	\$ 1,686,000		\$ 22,688,000
	=====	=====		
General and administrative expenses			\$6,132,000	6,132,000
			=====	
Gain on sale of investments available for sale				(1,097,000)
Interest income, net				(157,000)

Income from continuing operations before income taxes				\$ 17,810,000
				=====
Depreciation and amortization	\$ 4,141,000	\$ 1,131,000	\$ 108,000	\$ 5,380,000
	=====	=====	=====	=====
Capital expenditures	\$ 2,729,000	\$ 99,000	\$8,560,000	\$ 11,388,000
	=====	=====	=====	=====

<CAPTION>

	Investment Technology and Services -----	Asset Management -----	General and Admin. -----	Consolidated -----
For the Six-Month Period Ended June 30, 1995				
<S>	<C>	<C>	<C>	<C>
Revenues	\$75,528,000	\$33,708,000		\$109,236,000
	=====	=====		=====
Operating profit	\$21,432,000	\$ 4,196,000		\$ 25,628,000
	=====	=====		
General and administrative expenses			\$8,602,000	8,602,000
			=====	
Interest income, net				(382,000)

Income from continuing operations before income taxes				\$ 17,408,000
				=====
Depreciation and amortization	\$ 4,602,000	\$ 1,126,000	\$ 158,000	\$ 5,886,000
	=====	=====	=====	=====
Capital expenditures	\$ 2,025,000	\$ 589,000	\$1,584,000	\$ 4,198,000
	=====	=====	=====	=====

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

of Operations

The Company operates primarily in two business segments: Investment Technology and Services and Asset Management. Financial information for each of these segments is reflected in Note 9 of the Notes to Consolidated Financial Statements.

Results of Operations

Second Quarter Ended June 30, 1996 Compared to Second Quarter Ended June 30, 1995

The Company's results of operations for the second quarter of 1996 included revenues from continuing operations of \$61,541,000, compared to \$55,737,000 for the same period of 1995, an increase of 10 percent from the prior year's corresponding quarter. Income from continuing operations for the second quarter of 1996 was \$4,893,000, compared to \$4,524,000 in the same period of 1995. Earnings per share from continuing operations for the three months ended June 30, 1996 was \$.25, compared to \$.23 in the corresponding period of 1995. Included in second quarter earnings was a gain on sale of investments available for sale of \$1,097,000. Excluding the gain on sale of investments available for sale, earnings decreased from the prior-year period due to substantial investments the Company made in the sales and marketing of its asset management business, along with investments made in its offshore investment funds business and its Canadian asset management subsidiary. In addition, the Company continues to invest heavily in trust technology, primarily in its open architecture system. Fund balances continued to expand during the second quarter of 1996. Total fund balances at June 30, 1996 were \$71.6 billion compared to \$54.8 billion at June 30, 1995, an increase of 31 percent. Included in these totals are proprietary fund balances of \$50.2 billion at June 30, 1996 and \$34.5 billion at June 30, 1995, an increase of 46 percent.

Investment Technology and Services - Revenues from Investment Technology and

Services for the three months ended June 30, 1996 and 1995 were \$42,488,000 and \$38,986,000, respectively.

<TABLE>
<CAPTION>

INVESTMENT TECHNOLOGY AND SERVICES REVENUES

	2ND QTR 1996	2ND QTR 1995	DOLLAR CHANGE	PERCENT CHANGE
<S>	<C>	<C>	<C>	<C>
Trust systems and services	\$27,085,000	\$27,881,000	\$ (796,000)	(3%)
Proprietary fund services	15,403,000	11,105,000	4,298,000	39%
	-----	-----	-----	
Total	\$42,488,000	\$38,986,000	\$3,502,000	9%
	=====	=====	=====	

</TABLE>

Proprietary fund services revenue increased 39 percent from the prior-year period due to an increase in average proprietary fund balances over the past year despite the loss of two proprietary fund complexes in the first quarter of 1996. Average proprietary fund balances increased \$15.1 billion or 47 percent from \$32.3 billion during the second quarter of 1995 to \$47.4 billion during the second quarter of 1996. This increase in proprietary fund balances was the result of growth in existing fund complexes and the commencement of new fund complexes during the past year. Trust systems and services revenue was relatively flat from the prior-year period as decreases in trust processing fees were offset by an increase in one-time implementation fees. The increase in one-time implementation fees was a result of mergers among various bank clients. Revenues should continue to expand for the remainder of 1996 due to continued growth in fund balances from proprietary funds. However, future revenue increases could be partially offset by the loss of bank clients as a result of continued mergers among banks.

<TABLE>
<CAPTION>

INVESTMENT TECHNOLOGY AND SERVICES EXPENSES

	2ND QTR 1996	2ND QTR 1995	DOLLAR CHANGE	PERCENT CHANGE
<S>	<C>	<C>	<C>	<C>
Operating and development	\$25,061,000	\$20,520,000	\$4,541,000	22%
Sales and marketing	\$ 8,292,000	\$ 7,956,000	\$ 336,000	4%

</TABLE>

The 22 percent increase in operating and development expense was primarily due to an increase in consulting and outsourcing expense, along with an increase in direct expense related to the growth in proprietary fund balances. The increase

in consulting expense reflects the Company's significant investment in its open architecture system and advanced client service technology. The Company expects investments in its trust technology to continue for the remainder of 1996 and into 1997. The increase in outsourcing expense reflects the Company's commitment to focus on its core competencies. The four percent increase in sales and marketing expense was due primarily to an increase in promotion expense. Operating profit from Investment Technology and Services for the three months ended June 30, 1996 was \$9,135,000, a decrease of 13 percent from the \$10,510,000 reported in the corresponding quarter of 1995. Operating margins were 22 percent for the three months ended June 30, 1996, compared to 27 percent for the same period of 1995. The decline in operating margins is attributable to the Company's substantial investment in trust technology and lower margins from its proprietary mutual fund business.

Asset Management - Revenues from Asset Management for the three months ended June 30, 1996 and 1995 were \$19,053,000 and \$16,751,000, respectively.

<TABLE>
<CAPTION>

ASSET MANAGEMENT REVENUES				
	2ND QTR 1996	2ND QTR 1995	DOLLAR CHANGE	PERCENT CHANGE
	----	----	-----	-----
<S>	<C>	<C>	<C>	<C>
Liquidity services	\$ 4,905,000	\$ 5,509,000	\$ (604,000)	(11%)
Mutual fund services	6,305,000	4,628,000	1,677,000	36%
Asset management services	3,485,000	3,464,000	21,000	1%
Brokerage and consulting services	4,358,000	3,150,000	1,208,000	38%
	-----	-----	-----	
Total	\$19,053,000	\$16,751,000	\$2,302,000	14%
	=====	=====	=====	

</TABLE>

Liquidity services revenue decreased 11 percent from the prior-year period due to assets being transferred from higher-fee liquidity products to lower-fee liquidity products. Mutual fund services revenue increased 36 percent due to an increase in average fund balances from the Company's Family of Funds over the past year. This increase was partially due to clients transferring their assets from separate accounts under the Customized Asset Management Service ("CAMS") product into the Company's own mutual funds. The 38 percent increase in brokerage and consulting services revenue is due primarily to an internal reclassification of bank-related brokerage services.

<TABLE>
<CAPTION>

ASSET MANAGEMENT EXPENSES				
	2ND QTR 1996	2ND QTR 1995	DOLLAR CHANGE	PERCENT CHANGE
	----	----	-----	-----
<S>	<C>	<C>	<C>	<C>
Operating and development	\$9,345,000	\$8,747,000	\$ 598,000	7%
Sales and marketing	\$9,033,000	\$6,770,000	\$2,263,000	33%

</TABLE>

Operating and development expense increased seven percent due to an increase in direct expenses relating to the increase in brokerage and consulting services revenues. The 33 percent increase in sales and marketing expense was due primarily to increases in personnel, promotion and travel expense, along with significant investments in the Company's offshore investment funds and Canadian asset management businesses. The Asset Management segment recorded an operating profit of \$675,000 for the three months ended June 30, 1996 compared to an operating profit of \$1,234,000 in the corresponding period of 1995. The decline in operating profit is primarily attributable to investments the Company has made to strengthen its sales and marketing efforts in its core asset management business, along with additional investments made in new businesses. The Company expects these investments to continue for the remainder of 1996.

Other Income and Expenses - General and administrative expenses for the three months ended June 30, 1996 and 1995 were \$2,975,000 and \$4,424,000, respectively. General and administrative expenses declined 33 percent primarily

due to decreases in personnel expense in corporate overhead areas.

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

Interest income for the three months ended June 30, 1996 and 1995 was \$60,000 and \$220,000, respectively. Interest income in 1996 is net of interest expense relating to the Company's borrowings under its line of credit (See Note 6 of the Notes to Consolidated Financial Statements).

Six Months Ended June 30, 1996 Compared to Six Months Ended June 30, 1995

The Company's results of operations for the six months ended June 30, 1996 included revenues from continuing operations of \$124,780,000, compared to \$109,236,000 for the same period of 1995, an increase of 14 percent from the prior period. Approximately \$5.6 million of this increase was due to the Company's recognition of one-time trust services revenue relating to a contractual settlement received from a client in the first quarter of 1996. Income from continuing operations for the first six months of 1996 was \$10,686,000, compared to \$10,445,000 in the same period of 1995. Earnings per share from continuing operations for the six months ended June 30, 1996 was \$.55, compared to \$.53 for the same period of 1995.

Investment Technology and Services - Revenues from Investment Technology and Services for the six months ended June 30, 1996 and 1995 were \$88,851,000 and \$75,528,000, respectively.

<TABLE>
<CAPTION>

INVESTMENT TECHNOLOGY AND SERVICES REVENUES

	SIX MONTHS 1996	SIX MONTHS 1995	DOLLAR CHANGE	PERCENT CHANGE
<S>	<C>	<C>	<C>	<C>
Trust systems and services	\$59,627,000	\$54,879,000	\$ 4,748,000	9%
Proprietary fund services	29,224,000	20,649,000	8,575,000	42%
Total	\$88,851,000	\$75,528,000	\$13,323,000	18%

</TABLE>

Proprietary fund services revenue increased 42 percent from the prior-year period due to an increase in average proprietary fund balances over the past year despite the loss of two proprietary fund complexes in the first quarter of 1996. Average proprietary fund balances increased \$15.5 billion or 51 percent from \$30.2 billion during the first six months of 1995 to \$45.7 billion during the first six months of 1996. This increase in proprietary fund balances was the result of growth in existing fund complexes and the commencement of new fund complexes during the past year. Trust systems revenue increased nine percent from the prior-year period due to a \$5.6 million one-time contractual obligation received from a client in the first quarter of 1996. Revenues should continue to expand for the remainder of 1996 due to continued growth in fund balances from proprietary funds. However, future revenue increases could be partially offset by the loss of bank clients as a result of continued mergers among banks.

<TABLE>
<CAPTION>

INVESTMENT TECHNOLOGY AND SERVICES EXPENSES

	SIX MONTHS 1996	SIX MONTHS 1995	DOLLAR CHANGE	PERCENT CHANGE
<S>	<C>	<C>	<C>	<C>
Operating and development	\$50,723,000	\$39,099,000	\$11,624,000	30%
Sales and marketing	\$17,126,000	\$14,997,000	\$ 2,129,000	14%

</TABLE>

The 30 percent increase in operating and development expense was primarily due

to an increase in consulting and outsourcing expense, along with an increase in direct expense related to the growth in proprietary fund balances. The increase in consulting expense reflects the Company's significant investment in its open architecture system and advanced client service technology. The Company expects investments in its trust technology to continue for the remainder of 1996 and into 1997. The increase in outsourcing expense reflects the Company's commitment to focus on its core competencies. The 14 percent increase in sales and marketing expense was due primarily to increases in promotion, outsourcing, and personnel expenses. Operating profit from Investment Technology and Services for the six months ended June 30, 1996 was \$21,002,000, a decrease of two percent from the \$21,432,000 reported in the corresponding period of 1995. Operating margins were 24 percent for the six months ended June 30, 1996, compared to 28 percent for the same period of 1995. The decline in operating margins is attributable to the Company's substantial investment in trust technology and lower margins from its proprietary mutual fund business.

Asset Management - Revenues from Asset Management for the six months ended

June 30, 1996 and 1995 were \$35,929,000 and \$33,708,000, respectively.

<TABLE>
<CAPTION>

ASSET MANAGEMENT REVENUES

	SIX MONTHS 1996	SIX MONTHS 1995	DOLLAR CHANGE	PERCENT CHANGE
Liquidity services	\$10,202,000	\$10,995,000	\$ (793,000)	(7%)
Mutual fund services	11,695,000	9,190,000	2,505,000	27%
Asset management services	6,827,000	7,681,000	(854,000)	(11%)
Brokerage and consulting services	7,205,000	5,842,000	1,363,000	23%
Total	\$35,929,000	\$33,708,000	\$2,221,000	7%

</TABLE>

Liquidity services revenue decreased seven percent from the prior-year period due to assets being transferred from higher-fee liquidity products to lower-fee liquidity products. Mutual fund services revenue increased 27 percent due to an increase in average fund balances from the Company's Family of Funds over the past year. This increase was partially due to clients transferring their assets from separate accounts under the Customized Asset Management Service ("CAMS") product into the Company's own mutual funds. The 11 percent decrease in asset management services revenue is due primarily to a decrease in fund balances from the Company's International Collective Trust, along with the CAMS transfer of assets to the Company's Family of Funds. The 23 percent increase in brokerage and consulting services revenue is due primarily to an internal reclassification of bank-related brokerage services.

<TABLE>
<CAPTION>

ASSET MANAGEMENT EXPENSES

	SIX MONTHS 1996	SIX MONTHS 1995	DOLLAR CHANGE	PERCENT CHANGE
Operating and development	\$17,498,000	\$16,831,000	\$ 667,000	4%
Sales and marketing	\$16,745,000	\$12,681,000	\$4,064,000	32%

</TABLE>

Operating and development expense increased four percent due to an increase in direct expenses relating to the increase in brokerage and consulting services revenues. The 32 percent increase in sales and marketing expense was due primarily to increases in personnel and travel expense, along with significant investments in the Company's offshore investment funds and Canadian asset management businesses. The Asset Management segment recorded an operating profit of \$1,686,000 for the six months ended June 30, 1996 compared to an operating profit of \$4,196,000 in the corresponding period of 1995. The decline in operating profit is primarily attributable to investments the Company has made to strengthen its sales and marketing efforts in its core asset management business, along with additional investments made in new businesses. The Company expects these investments to continue for the remainder of 1996.

months ended June 30, 1996 and 1995 were \$6,132,000 and \$8,602,000, respectively. General and administrative expenses declined 29 percent primarily due to decreases in personnel expense in corporate overhead areas.

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

Interest income for the six months ended June 30, 1996 and 1995 was \$157,000 and \$382,000, respectively. Interest income in 1996 was net of interest expense relating to the Company's borrowings under its line of credit (See Note 6 of the Notes to Consolidated Financial Statements).

Liquidity and Capital Resources - The Company's ability to generate cash

adequate to meet its needs results primarily from cash flow from operations and its borrowing capacity. The Company has a line of credit agreement which provides for borrowings of up to \$30,000,000. At June 30, 1996, the Company's sources of liquidity consisted primarily of cash and cash equivalents of \$7,327,000 and the unused balance on the line of credit of \$21,000,000. The availability of the line of credit is subject to the Company's compliance with certain covenants set forth in the agreement.

Cash flow provided by operations for the six months ended June 30, 1996 was \$1,916,000 compared to \$4,487,000 for the six months ended June 30, 1995. The decline in operating cash flow is primarily due to an increase in loans receivable available for sale. Loans receivable available for sale represent loans purchased through the Company's Swiss-based subsidiary, SEI Capital AG (See Note 4 of the Notes to Consolidated Financial Statements). The Company contributed \$7,000,000 in this business in the first quarter of 1996.

Capital expenditures, including capitalized software development costs, for the six months ended June 30, 1996 and 1995 were \$15,370,000 and \$5,074,000, respectively. The increase in capital expenditures is primarily the result of expenditures made by the Company for its new corporate campus, along with an increase in capitalized software development costs. The corporate campus is expected to be completed in 1996 at a total estimated cost of \$31,800,000, including \$4,065,000 for the cost of the land which the Company purchased in 1994. Construction in progress related to the corporate campus was \$13,050,000 at June 30, 1996. The Company believes that anticipated long-term borrowing arrangements will provide adequate funds for all future costs relating to this corporate campus. The increase in capitalized software development costs relates primarily to the Company's investment in its open architecture and advanced client service technology projects. Capitalized software development costs relating to these projects are expected to increase for the remainder of 1996. In the second quarter of 1996, the Company received \$6,536,000 from the sale of all of its investments classified as Investments available for sale (See Note 5 of the Notes to Consolidated Financial Statements).

The Company borrowed \$11,000,000 on its line of credit during the first quarter of 1996 for capital expenditures relating to the new corporate campus, along with investments in the operations of its Swiss-based subsidiary. At June 30, 1996, the Company had \$9,000,000 on its line of credit still outstanding. In July 1996, the Company borrowed an additional \$11,000,000 primarily to fund the purchase of 487,000 shares of common stock at a cost of \$8,766,000 (See Note 6 of the Notes to Consolidated Financial Statements).

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

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PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Report 8-K

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

Exhibit 11. Earnings per share calculations.

Exhibit 27. Financial Data Schedule.

(b) Reports on Form 8-K

There were no reports on Form 8-K filed for the three-month period ended June 30, 1996.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEI CORPORATION

Date August 9, 1996

By /s/ Carmen V. Romeo

Carmen V. Romeo
Executive Vice President and
Chief Financial Officer

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SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11 - EARNINGS PER SHARE CALCULATION

FOR THE THREE-MONTH PERIOD ENDED JUNE 30,

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Earnings per common and common equivalent share (Primary EPS):		
Income from continuing operations	\$ 4,893,000 =====	\$ 4,524,000 =====
Net income	\$ 4,893,000 =====	\$ 3,620,000 =====
Weighted average number of shares issued and outstanding	18,665,000	18,879,000
Dilutive effect (excess of number of shares issuable over number of shares assumed to be repurchased with the proceeds, using the average market price during the period) of outstanding options	861,000 -----	789,000 -----
Adjusted weighted average number of shares outstanding	19,526,000 =====	19,668,000 =====
Earnings per common and common equivalent share from continuing operations	\$.25 =====	\$.23 =====
Earnings per common and common equivalent share	\$.25 =====	\$.18 =====

</TABLE>

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SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11 - EARNINGS PER SHARE CALCULATION

FOR THE THREE-MONTH PERIOD ENDED JUNE 30,

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Earnings per common and common equivalent share, assuming full dilution (Fully diluted EPS):		
Income from continuing operations	\$ 4,893,000 =====	\$ 4,524,000 =====
Net income	\$ 4,893,000 =====	\$ 3,620,000 =====

Weighted average number of shares issued and outstanding	18,665,000	18,879,000
Dilutive effect (excess of number of shares issuable over number of shares assumed to be repurchased with the proceeds, using the higher of the average market price or ending price during the period) of outstanding options	861,000	1,038,000
Adjusted weighted average number of shares outstanding, assuming full dilution	19,526,000	19,917,000
Earnings per common and common equivalent share from continuing operations, assuming full dilution	\$.25	\$.23
Earnings per common and common equivalent share, assuming full dilution	\$.25	\$.18

</TABLE>

22

SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11 - EARNINGS PER SHARE CALCULATION

FOR THE SIX-MONTH PERIOD ENDED JUNE 30,

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Earnings per common and common equivalent share (Primary EPS):		
Income from continuing operations	\$10,686,000	\$10,445,000
Net income	\$10,686,000	\$ 8,503,000
Weighted average number of shares issued and outstanding	18,587,000	18,822,000
Dilutive effect (excess of number of shares issuable over number of shares assumed to be repurchased with the proceeds, using the average market price during the period) of outstanding options	918,000	776,000
Adjusted weighted average number of shares outstanding	19,505,000	19,598,000
Earnings per common and common equivalent share from continuing operations	\$.55	\$.53
Earnings per common and common equivalent share	\$.55	\$.43

</TABLE>

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SEI CORPORATION AND SUBSIDIARIES

EXHIBIT 11 - EARNINGS PER SHARE CALCULATION

FOR THE SIX-MONTH PERIOD ENDED JUNE 30,

<TABLE>
<CAPTION>

	1996 ----- <C>	1995 ----- <C>
Earnings per common and common equivalent share, assuming full dilution (Fully diluted EPS):		
Income from continuing operations	\$10,686,000 =====	\$10,445,000 =====
Net income	\$10,686,000 =====	\$ 8,503,000 =====
Weighted average number of shares issued and outstanding	18,587,000	18,822,000
Dilutive effect (excess of number of shares issuable over number of shares assumed to be repurchased with the proceeds, using the higher of the average market price or ending price during the period) of outstanding options	918,000 -----	1,087,000 -----
Adjusted weighted average number of shares outstanding, assuming full dilution	19,505,000 =====	19,909,000 =====
Earnings per common and common equivalent share from continuing operations, assuming full dilution	\$.55 =====	\$.52 =====
Earnings per common and common equivalent share, assuming full dilution	\$.55 =====	\$.43 =====

</TABLE>

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

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