

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended: December 31, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0 - 10200

SEI INVESTMENTS COMPANY

(Exact name of registrant as specified in its charter)

Pennsylvania

23-1707341

(State or other jurisdiction of
incorporation or organization)

(IRS Employer Identification
Number)

1 Freedom Valley Drive, Oaks, Pennsylvania

19456-1100

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

610-676-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which
Registered

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$.01 per share

(Title of class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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State the aggregate market value of the voting stock held by non-affiliates of the registrant based on the closing price of such stock as reported by NASDAQ as of February 29, 2000: \$1,066,321,000. For purposes of making this calculation only, registrant has defined affiliates as including all directors and beneficial owners of more than ten percent of the common stock of the registrant.

APPLICABLE ONLY TO REGISTRANTS 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 Section 12, 13, or 14(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 REGISTRANTS:

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of February 29, 2000: 17,637,837.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the following documents are incorporated by reference herein:

1. Notice of and Proxy Statement for the 2000 Annual Meeting of Shareholders to be filed within 120 days after the end of the fiscal year covered by this annual report, incorporated by reference in Part III hereof.

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PART I

Item 1. Business.

General Development of Business

SEI Investments Company ("SEI") was incorporated in Pennsylvania in 1968 and initially offered its shares to the public in March 1981. The principal wholly owned subsidiaries of SEI are SEI Investments Distribution Company ("SIDCO"), SEI Investments Management Corporation ("SIMC"), and SEI Trust Company ("SEI Trust"). SIDCO is a broker-dealer registered with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. SIMC is an investment advisor registered with the SEC under the Investment Advisers Act of 1940. SEI Trust is a trust entity chartered in the Commonwealth of Pennsylvania.

SEI introduced its first trust system in 1972 providing on-line, real-time accounting and management information to bank trust departments. Today, this technology service is offered through the TRUST 3000(R) product line that provides product capabilities and processing power to serve even the largest trust institutions. SEI Trust offers back-office accounting and processing services to trust institutions which allows them to outsource their trust operations and related investment functions completely.

In 1982, SEI began to sponsor a number of institutional investment products, primarily in the form of registered investment companies sold to institutional investors and financial intermediaries. SIDCO and SIMC provide various asset management services to institutional investors, professional investment counselors and affluent individuals. These services include investment solutions that enable clients to establish asset allocation strategies and gain access to top-quality investment managers. SEI has expanded its asset management services outside the United States by targeting selected foreign markets for its investment management programs.

SIDCO and SIMC also provide a full range of administration and distribution services to proprietary mutual funds established for banks and other financial institutions and intermediaries. The client serves as the investment advisor for the proprietary funds, and the funds are sold primarily to customers of the client.

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Industry Segments

Financial information is reported through four business lines: Technology Services, Asset Management, Mutual Fund Services, and Investments in New Business. These business segments reflect how management measures financial information internally. Technology Services, which accounted for 41 percent of consolidated revenues in 1999, includes the TRUST 3000 product line and trust operations outsourcing. Asset Management, which accounted for 30 percent of consolidated revenues in 1999, provides investment programs covering diversified investment strategies to institutional and high-net-worth markets. Mutual Fund Services, which accounted for 24 percent of consolidated revenues in 1999, provides administration and distribution services to mutual funds and other

pooled funds created for banks, money managers and other financial institutions. Investments in New Business, which accounted for 5 percent of consolidated revenues in 1999, primarily consists of international asset management initiatives.

Financial information about each business segment is contained in Note 11 of the Notes to Consolidated Financial Statements in Item 8. Additional financial information and discussion about each business segment, including a breakdown of revenues by product line, is contained in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7.

Technology Services

Trust Technology Services

Our comprehensive software products and computer processing services help trust institutions manage investments for their personal and institutional investors. TRUST 3000 is a complete trust accounting and investment system with fully automated securities movement and control linked directly to the Depository Trust Company. It offers investment management functionality through a number of integrated products and sub-systems that supports investment accounting, client administration, portfolio analysis, and trade order processing for both domestic and global securities processing. TRUST 3000 also provides access to multiple third-party pricing and asset related information. Through training, custom programming and our open architecture strategy, we help adapt our products to each client's particular needs. Clients access TRUST 3000 utilizing terminals and workstations that are connected to our data center.

The value of TRUST 3000 has been enhanced by the StrataQuest(TM) product line which includes technology platform products that manage the flow of data and allow for the integration of TRUST 3000 information with any application operating in the clients' distributed computing environment. StrataQuest is a flexible combination of modular workstation application products that transform data into user-friendly customer service and investment analysis desktop applications. In addition, our StrataWeb product provides access to data to end investors through the Internet.

Clients that use TRUST 3000 can effect purchases and redemptions of our liquidity products through an automated subsystem that performs daily sweeps of trust accounts and invests the available cash. Bank clients can also invest in our Tri-Party Repurchase Agreement program that offers competitive yields for short-term investing.

Money manager and TRUST 3000 clients remit payment for services rendered in cash or, subject to applicable regulatory guidelines, by directing brokerage commissions to SIDCO through SEI-approved clearing agents or clearing brokers. These clients may also apply a portion of such directed brokerage commissions to defray certain other third-party costs. As a result of the directed brokerage business, revenues may be affected by changes in market trading volume or changes in government regulations affecting directed brokerage payments.

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The market for our trust accounting and management information services consists primarily of bank trust departments managing assets between \$10 million and \$100 billion. Consolidations in the banking industry may reduce the number of bank prospects and/or eliminate customers from our user base. However, the economic pressures on the banking industry are also creating a greater demand for outsourcing services, as banks increasingly focus on their core strengths. There are approximately 2,800 US institutions with trust powers in our market. At December 31, 1999, we were providing processing or software services to approximately 83 trust departments, including trust departments of 7 of the top 10 banks, primarily located throughout the United States. We segregate the trust accounting and information services market by trust assets under management: \$20 billion or more in managed assets; \$750 million to \$20 billion in managed assets; and under \$750 million in managed assets. Each of these trust accounting and management information services markets are characterized by different pricing, service, and product parameters and we offer a full range of products and services suitable for each. Customers generally contract for terms of three to seven years and revenues are based on monthly processing and software application service fees.

Our principal competitors are Fidelity-Trust Technology Services LLC, SunGard Data Systems, Marshall and Isley, and financial institutions that operate their own trust processing systems. However, in terms of both revenues and number of trust accounts processed, the TRUST 3000 product line is the leading trust accounting and management system sold by third-party vendors to bank trust departments. We believe the most important factors in a potential customer's evaluation and choice of vendor are: product and service reliability; security and risk; functional capability; ease of use and future flexibility; value; and cost effectiveness. Clients also consider a vendor's experience in and it's commitment to the financial industry. Trust technology services accounted for approximately 36 percent of consolidated revenues in 1999.

Trust Operations Outsourcing

We combine our technological strength and investment expertise to assume the entire trust operation for institutional clients who wish to outsource their trust department operations and processes. We provide trust institutions with access to TRUST 3000 and our investment programs, along with processing, reporting, and custody services provided through the specialized capabilities of SEI Trust personnel. SEI Trust automates and centralizes the client's trust accounting, income collections, securities settlement, and securities processing functions. In addition, SEI Trust prepares and processes customer statements, investment reviews, and employee benefit accrual reports and remittances to the clients' customers.

The market for our trust operations outsourcing consists primarily of bank trust departments ranging in size from start-ups to those managing assets of \$20 billion. However, as the concept of outsourcing has gained credibility and acceptance within the industry, banks of all sizes are recognizing the value in outsourcing their trust operations. We also believe there is a market for these services in non-bank financial institution channels. This product line is also affected by consolidation of the banking industry, which may reduce the number of potential bank prospects and/or eliminate customers from our user base. At December 31, 1999, we had contracts to perform trust operations outsourcing services to 70 clients. The term of the contracts varies from three to five years.

Currently, the only significant competitor in this market is Marshall and Isley. Additional competitors can be expected over the next few years. Revenues from trust operations outsourcing accounted for approximately 5 percent of consolidated revenues in 1999.

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Asset Management

We offer global investment strategies directly to institutional investors and to affluent individual investors through a select network of registered investment advisors and other professional investment counselors. Our asset management team has developed a specialized investment approach to provide investors access to the best money management talent from around the world and optimal portfolio allocation at a reasonable cost. We create investment strategies tailored to clients' specific financial objectives, and choose the best style specific money managers to implement them. This innovative approach, called a "Manager of Managers" approach, ensures adherence to our disciplined investment principles because each manager's performance is tracked and scrutinized. Comprehensive support services, including accounting and investor reporting are also provided. Investments are made through a series of domestic equity, fixed income and tax-exempt mutual funds, separate account management, and offshore funds. We employ a total investment management approach that utilizes a quantitative asset allocation model and investment strategies based upon the precepts of modern portfolio theory, specialist sub-advisors that we select and monitor, and active risk management.

Through SIMC, we serve as the administrator, transfer agent, and fund accountant for these products. We also act as the investment advisor for many of these products. The investment advisory and administration contracts between SIMC and the funds are subject to renewal annually by the board of trustees of the funds. These contracts provide for the payment of administrative fees based on a percentage of the average daily net assets of each fund.

Investment Management Fees

We provide investment solutions to pension plan sponsors, hospitals, foundations, endowment funds, and other institutional investors. We offer such investors an integrated investment program, which enables a pension or other investment committee to outsource their investment management process to us including trustee and custodial services. Using a disciplined fund management process and superior technology, we work with each client to develop asset management strategies that are consistent with the client's business needs, investment objectives, risk tolerance, investment restrictions, and time horizon. Then, through the combination of the portfolio construction process, multiple asset classes, and style allocations, we work toward the client's investment goals. A client's strategy is implemented through our Family of Funds that employ sub-advisors that are specialists in a particular style. The potential benefit of this method is improved performance with reduced volatility because it eliminates the task of attempting to estimate which style of investing will be in favor at any point in time. Specialist-advisors are monitored for performance so trading strategies conform to predetermined market, sector, and style characteristics. We maintain the asset class exposure within the specifically defined boundaries of our client's asset allocation plan by incorporating a formal rebalancing program in our asset management process utilizing state-of-the-art technology. Overall, diversifying by asset class, manager style, sub-style, and sector tends to reduce risk while improving the prospects for long-term growth. Clients also have the ability to access specialized money managers through separate accounts.

We also deliver business building solutions to independent broker-dealers,

registered investment advisors, financial planners, life insurance producers, and bank trust departments. The investment programs offered through these financial advisors are targeted to attract the assets of high-net-worth individuals (defined as individuals with over \$500,000 of investable assets) and small to medium sized institutional plans. Our programs allow advisors to outsource many aspects of asset management, back-office operations, marketing, and client services. This allows the investment advisors to focus their resources on creating financial plans, implementing investment strategies, and educating and servicing their clients. The programs also allow access to institutional money managers normally not available to individual investors. Asset allocation, portfolio structure, tax management, specialist investment and continuous portfolio management are the five key principles of our investment philosophy. Financial intermediaries are offered various asset allocation models that provide diversification among investment classes and periodic rebalancing to achieve the investor's objectives. We offer a wide range of investment solutions including tax managed programs.

At December 31, 1999, there were approximately 2,600 clients invested in our asset management programs through separate accounts or through our Family of Funds with \$42 billion in assets invested. The principal competition for our asset management products is from other investment advisors and mutual fund companies. Also, revenues are affected by changes in the value of securities traded in various financial markets. Fees are earned as a percentage of average assets under management. Revenues from investment management fees accounted for approximately 26 percent of consolidated revenues in 1999.

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Liquidity Management Fees

We apply our expertise to short term investment, as well. We assist corporations in developing investment programs to meet their unique cash flow needs by coordinating investment strategies with expected disbursements. Our CashSweep(R) program helps commercial banks compete successfully with larger institutions by offering their clients superior cash management services. This program enables financial institutions to sweep excess balances from demand deposit accounts into money market accounts. To build a successful sweep program, we combine technology with our cash management investment products, cash management services, marketing and consulting support. Our CashStrategies(R) program uses proprietary technology to help treasurers analyze cash flow and develop dynamic cash management strategies, which they execute with our investment products. We help clients allocate their cash between liquid and longer-term investments. Longer-duration cash is invested in one of our Secondary Cash Investment Models, each providing an optimal balance of strong yield and high liquidity. We help to implement the strategy and render ongoing service and analytical support.

Liquidity products consist primarily of money market and other short-term mutual funds and our Repurchase Agreement Program ("REPO"). REPO permits institutions to invest short-term funds in overnight and term tri-party repurchase agreements and other overnight and short-term investment products. Clients may purchase or redeem investment products and retrieve information about their accounts through SEI Direct, or by telephone orders to SIMC.

The market for our liquidity products and services consist primarily of bank trust departments, investment advisors, and corporations located in the United States. The number of bank and non-bank clients utilizing our liquidity products and services totaled approximately 960 at December 31, 1999. Total assets invested in liquidity funds, including REPO, totaled \$23 billion at December 31, 1999.

Our principal competitors in liquidity products and services include Federated Investors, Inc., Fidelity Management Corporation, Goldman, Sachs & Co., and PNC Bank, and other mutual fund complexes that market to institutional investors as well as individual bank proprietary and common trust funds. A potential customer of liquidity services business considers the price and performance of investment products and diverse product offerings, as well as the ease of investment through the automated sweep system. Revenues from liquidity management fees offered to investment advisors and corporations accounted for approximately 4 percent of consolidated revenues in 1999.

Mutual Fund Services

We provide administration and distribution services to mutual funds and other pools of money sponsored or held by banks, insurance firms, and investment companies for which the client serves as the investment advisor. We provide all required fund accounting and shareholder services including investment tracking, transaction processing, pricing, investment and tax reporting, regulatory compliance and daily support. Distribution services focus on identifying distribution opportunities and establishing product and program strategies that will assist the client in attracting and retaining assets. This includes assistance with developing and executing business and marketing plans. Additionally, we maintain an office in Dublin, Ireland that offers administrative services, distribution consulting services, and marketing support services to fund complexes in international markets. Our multidisciplinary

global team is experienced in administering a full range of investment structures including mutual funds, money funds, hedge funds, and separate accounts. These services are closely integrated with those of our domestic services group.

The market for fund services and products consists primarily of banks, insurance companies, and investment managers. However, we are diversifying our business to offshore funds and hedge funds. As a result of legislation repealing Glass-Steagall provisions, banks may now perform securities distribution services themselves under the Financial Modernization Act. In addition, consolidations in the banking industry may reduce the number of bank proprietary fund complexes in existence. At the end of 1999, there were approximately 95 bank proprietary fund complexes that existed in the United States, according to FRC/Lipper. At December 31, 1999, we provided fund services to 31 banks, investment management companies, and insurance firms with proprietary mutual fund assets of approximately \$171 billion. Our contracts with mutual fund complexes have initial terms ranging from two to five years.

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Our principal competitors for mutual fund services include The BISYS Group, Federated Investors, Inc., PFPC/First Data Investor Services Group, State Street Bank, and Investment Company Administrators. Potential customers of mutual fund services consider the price of such services, the performance of its administrative and other support services such as legal and marketing, and the integration of such services provided through our proprietary software. Revenues from mutual fund services accounted for approximately 24 percent of consolidated revenues in 1999.

Investments in New Business

We have several other business ventures to expand our asset management programs and services to high-net-worth investors, pension plans, governmental organizations, and private corporations in foreign countries. We also provide performance evaluation and consulting services to Canadian pension plans.

Using the same asset management disciplines that have benefited US clients, we provide investment management programs tailored to the needs of institutional and affluent individual investors in selected target markets: Canada, Europe/South Africa, Latin America, and Asia. These initial efforts have created distribution channels for our asset management services and have well positioned us for the introduction of new products. Penetration into the global asset management marketplace has been initiated through various acquisitions, joint ventures with local firms and the startup of satellite offices outside the United States.

Our approach is to expand existing business lines into a coherent global business consistent with our United States strategy of providing portfolio solution offerings rather than product sales. Allocation of assets among the portfolio's specialist money managers and directing and evaluating the investment services provided by these selected managers is the cornerstone of our global investment strategy. Additionally, services include the delivery of local investment management as part of a portfolio solution and local distribution and marketing. In South Africa, we have assembled an investment advisory team that markets institutional asset management programs to pension and insurance industries. Established investment advisory firms in Argentina and Mexico offer asset management services to high-net-worth investors. Joint ventures in Taiwan and Korea offer asset management solutions to institutions and high-net-worth individuals.

In Canada, we support money managers in managing their clients' investments through investment performance evaluation services, as well as trading cost analysis and marketing strategy review. The market for our consulting services consists mainly of defined benefit plan sponsors and investment managers located in Canada. At December 31, 1999, we were providing consulting services to approximately 380 defined benefit plan sponsors and investment managers. Fund sponsor and money manager clients remit payment for performance evaluation and consulting services in cash or, subject to applicable regulatory guidelines, by directing brokerage commissions to SIDCO or SEI, Inc. through SEI-approved clearing agents or clearing brokers. These clients may also apply a portion of such directed brokerage commissions to defray certain other third-party costs. As a result of the directed brokerage business, revenues may be affected by changes in market trading volume or changes in government regulations affecting directed brokerage payments.

The global market for financial services is highly competitive. Entering into a foreign market requires a shift in perspective from a United States focus to that of the other country. In addition, consideration must be given to the regulatory and financial constraints that exist in a foreign market. Finally, it can be difficult to overcome recognition and branding hurdles caused by lack of a track record in a particular market. We attempt to overcome these obstacles by purchasing or partnering with a local firm who already has an established presence in the market. This also helps us in making decisions about product

packaging and distribution strategies because we get access to a staff that understands the culture. Revenues from other investment products and services accounted for approximately 5 percent of consolidated revenues in 1999.

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Other

Equity Investments in Investees

LSV Asset Management ("LSV"), is a partnership formed between SEI and three leading academics in the field of finance. LSV, a registered investment advisor, provides investment advisory services to institutions, including pension plans and investment companies. LSV is a value-oriented, contrarian money manager that offers a deep-value investment alternative. LSV utilizes a proprietary equity investment model to identify securities that are generally considered to be out of favor. LSV identifies stocks that exhibit below-average market expectations for future growth because these stocks typically produce superior future returns as their growth exceeds the pessimistic expectation of the market. LSV is currently the specialist-advisor to a portion of SEI Large Cap Value Fund and SEI Small Cap Value Fund. In addition, LSV is a portfolio manager to a portion of our global investment products. Approximately 20 percent of the total assets managed by LSV relate to our products. At December 31, 1999, our interest represented approximately 47 percent of the partnership's total interests.

Marketing and Sales

We employ 17 sales representatives in Technology Services, 56 sales representatives in Asset Management, 22 sales representatives in Mutual Fund Services, and 28 sales representatives in Investments in New Business. These sales personnel operate from 19 offices located in Oaks, Pennsylvania; San Francisco and Irvine, California; Chicago, Illinois; Boston, Massachusetts; New York, New York; Dallas, Texas; Norcross, Georgia; Toronto, Ontario; Montreal, Quebec; Vancouver, British Columbia; Halifax, Nova Scotia; Zurich, Switzerland; Dublin, Ireland; Johannesburg, South Africa; Central Hong Kong, Hong Kong; Buenos Aires, Argentina, Mexico City, Mexico; and Berkeley Square, London, United Kingdom.

Customers

We currently serve approximately 4,200 clients. For the year ended December 31, 1999, no single customer accounted for more than 10 percent of revenues in any industry segment.

Development of New Products and Services

Software products

Service to existing and potential customers is enhanced by substantial investment in improving existing software products and developing new products and services for the financial industry. To sustain and enhance our competitive position in the industry, we are committed to a continuous and high level of expenditures for research and development. We currently utilize 290 professionals dedicated to the design, development, and enhancement of our software products. New products are released when they are completed. Maintenance releases generally occur three times each year.

Banks are demanding technology tools to enhance their relationships with their investors. Our new Internet access products, which run in a service bureau environment, represent a new area of business within our bank technology business. StrataWeb(TM) is our Internet solution for accessing trust information. It provides clients' customers the ability to access real-time account information via the Internet. StrataWeb reduces the number of inquiry related phone calls and has e-mail capabilities, customizable features and a secure website which can be integrated with a client's website.

TreasuryPoint is our first business-to-business e-commerce site that provides the tools that treasury and finance professionals need to make and execute balance sheet decisions. The public internet site was introduced this year and its first service, a cash flow Optimizer, will be introduced in 2000. The Optimizer will help clients to improve their daily investment and borrowing process, enhance their overall capabilities in the area of risk management, and improve capital structure decisions. Real-time market rates are combined with a company's treasury policy, cash flow information, investment products and borrowing lines to determine the best financial solution for the company to implement each day. The second service to be offered will be an on-line trading application that will enable users of the Optimizer to implement electronically the investment decisions that the Optimizer makes. In addition, the application will work independently to enable users to trade money market funds and short-term fixed income securities over the Internet.

We expended, including amounts capitalized, approximately \$42,788,000 (9.4 percent of revenues) in 1999, \$24,866,000 (6.8 percent of revenues) in 1998, and \$22,500,000 (7.7 percent of revenues) in 1997 to design, develop, and modify existing or new products and services.

Investment products

Significant growth opportunities exist in the investment management industry by expanding the distribution of asset management solutions to institutions and high-net-worth investors outside North America. Our strategy is designed to capitalize on three major trends in the global marketplace: (1) the privatization and globalization of pension funds, (2) the increased wealth accumulation among high-net-worth investors, and (3) the elimination of barriers to global investing.

Our marketing efforts have focused on three main regions: Europe/South Africa, Asia, and Latin America. The initial strategy is to team with local partners to establish name recognition and distribution channels for our products and services. Our global asset management group has made major progress toward the creation of a distribution network during the past four years, including the establishment of an offshore fund family in Ireland, the acquisition of investment advisory firms in Argentina and Mexico, a joint venture in Taiwan and Korea, and asset management contracts signed with European pension plans and several South African institutions. We have also opened an office in the United Kingdom and are starting a joint venture with a French asset management holding company.

Year 2000

We began work on the Year 2000 issue in 1995 with management recognition that failure to acknowledge, analyze and remediate potential Year 2000 processing issues could result in material consequences to our clients and to the perpetuation of our own business. Initially, we focused our Year 2000 efforts on an assessment of our TRUST 3000 product line. During 1997, a Corporate Year 2000 Committee began to review all vendors, internally used systems, and any other item that could be affected by the Year 2000. The Year 2000 program encompassed all system hardware and software, physical facilities, utilities, electronic equipment and communications, as well as all other ancillary purchased products and services. Our Year 2000 program process fully subscribed to the Federal Financial Institutions Examination Council guidelines.

Our contingency planning efforts focused on the most critical business functions and varied significantly based on the TRUST 3000 system and how it operates. The contingency strategy for our own proprietary products, which includes TRUST 3000, focused on additional planned resources to react in the Year 2000. A plan existed to identify, correct and release Year 2000 related core and custom problems. Clients were apprised of the plan and advised on appropriate data retention. There were no critical Year 2000 issues as all infrastructure systems and hardware were operational. No critical data integrity issues or client access or service problems were reported (See Assessment of the Transition into the Year 2000 in Management's Discussion and Analysis of Financial Condition and Results of Operations).

Regulatory Considerations

SIDCO and SIMC are subject to various federal and state laws and regulations that grant supervisory agencies, including the SEC, broad administrative powers. In the event of a failure to comply with such laws and regulations, the possible sanctions that may be imposed include the suspension of individual employees, limitations on SIDCO's or SIMC's engaging in business for specified periods of time, the revocation of SIDCO's or SIMC's registration as a broker-dealer or investment advisor, censures, and fines. SEI Trust is subject to laws and regulations imposed by state banking authorities. In the event of a failure to comply with these laws and regulations, limitations may be placed on the business of SEI Trust, or its license as a trust company may be revoked.

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

Bank clients are subject to supervision by federal and state banking authorities concerning the manner in which such clients purchase and receive our products and services. Plan sponsor clients are subject to supervision by the Department

of Labor and compliance with employee benefit regulations. Investment advisor clients are regulated by the SEC and state securities authorities. Existing or future regulations applicable to our clients may affect such clients' purchase of our products and services.

Personnel

At February 29, 2000, we had approximately 1,450 full-time and 100 part-time employees. None of our employees are represented by a labor union. Management considers employee relations to be good.

Item 2. Properties.

Our corporate headquarters is located in Oaks, Pennsylvania. The corporate campus consists of six buildings situated on approximately 90 acres. We own and operate the land and buildings, which encompasses approximately 265,000 square feet. Our data center and warehouse facility is housed in an additional 70,000 square feet of leased space in Wayne, Pennsylvania. We also lease an additional 67,500 square feet of space in Wayne for our mutual funds operation. All other offices that we lease aggregate 72,000 square feet. Additionally, we own a New York City condominium (3,400 square feet) used for business purposes.

Item 3. Legal Proceedings.

There are no legal proceedings to which we are a party or to which any of our properties is subject which are expected to have a material adverse effect on our business.

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

There were no matters submitted to a vote of security holders during the fourth quarter of 1999.

Information with regard to our executive officers is contained in Item 10 hereof and is incorporated by reference to this Part I.

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PART II

Item 5. Market for the Registrant's Securities and Related Stockholder Matters.

Price Range of Common Stock:

SEI's common stock is traded in the NASDAQ National Market System under the symbol SEIC. The following table shows the range of closing sales prices on the NASDAQ National Market System for the periods indicated.

1999 -----	High -----	Low ---
First Quarter	119 1/4	90
Second Quarter	106	78
Third Quarter	103 1/2	89 1/4
Fourth Quarter	129	77 3/8
1998 -----	High -----	Low ---
First Quarter	69	37
Second Quarter	76	61
Third Quarter	80 1/2	59 5/16
Fourth Quarter	100 1/2	50 1/4

As of February 29, 2000, there were approximately 1,500 shareholders of record. The Board of Directors declared a \$.20 dividend in May and December of 1999, and a \$.16 dividend in May and December of 1998. The Board of Directors has indicated its intention to pay future dividends on a semiannual basis.

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Item 6. Selected Financial Data.

(In thousands, except per share data)

The following table summarizes selected financial data for the five years in the period ended December 31, 1999. The historical selected financial data for each of the five years in the period ended December 31, 1999 are derived from, and are qualified by reference to, the financial statements which are included with Item 8 in this report. These financial statements have been audited by Arthur Andersen LLP, independent public accountants, to the extent indicated in their reports. This data should be read in conjunction with the financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this report.

<TABLE> <CAPTION> For the Year 1995 (A)	1999	1998	1997	1996	
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$ 456,192	\$ 366,119	\$ 292,749	\$ 247,817	\$
225,964					
Expenses:					
Operating and development.....	215,216	180,937	148,536	129,776	
115,366					
Sales and marketing.....	126,184	103,834	84,770	68,719	
58,892					
General and administrative.....	12,298	13,463	13,931	13,235	
16,963					
-----	-----	-----	-----	-----	-----
Income from operations.....	102,494	67,885	45,512	36,087	
34,743					
Gain on sale of investments available for sale.....	--	--	--	1,097	
--					
Equity in the earnings of unconsolidated affiliate..	6,765	3,015	--	--	
--					
Interest income.....	2,285	1,558	983	808	
1,019					
Interest expense.....	(2,375)	(2,575)	(2,488)	(48)	
(255)					
-----	-----	-----	-----	-----	-----
Income from continuing operations					
before income taxes.....	109,169	69,883	44,007	37,944	
35,507					
Income taxes.....	42,030	26,904	17,163	14,798	
14,381					
-----	-----	-----	-----	-----	-----
Income from continuing operations.....	67,139	42,979	26,844	23,146	
21,126					
Loss from discontinued operations.....	--	--	--	--	
(1,942)					
Income (loss) from disposal of					
discontinued operations.....	1,292	710	--	(16,335)	
--					
-----	-----	-----	-----	-----	-----
Net income.....	\$ 68,431	\$ 43,689	\$ 26,844	\$ 6,811	\$
19,184					
-----	-----	-----	-----	-----	-----
Basic earnings per common share from					
continuing operations.....	\$ 3.78	\$ 2.41	\$ 1.47	\$ 1.25	\$
1.14					
Basic earnings (loss) per common share from					
discontinued operations.....	.07	.04	--	(.88)	
(.11)					
-----	-----	-----	-----	-----	-----
Basic earnings per common share.....	\$ 3.85	\$ 2.45	\$ 1.47	\$.37	\$
1.03					
Shares used to calculate basic earnings per					
common share.....	17,772	17,827	18,315	18,497	
18,607					
-----	-----	-----	-----	-----	-----
Diluted earnings per common share from					
continuing operations.....	\$ 3.54	\$ 2.25	\$ 1.40	\$ 1.20	\$
1.08					
Diluted earnings (loss) per common share from					
discontinued operations.....	.07	.04	--	(.85)	
(.10)					

Diluted earnings per common share..... .98	\$ 3.61	\$ 2.28	\$ 1.40	\$.35	\$
Shares used to calculate diluted earnings per common share..... 19,554	18,971	19,126	19,236	19,364	
Cash dividends declared per common share..... .20	\$.40	\$.32	\$.28	\$.24	\$
Year-end Financial Position:					
Cash and cash equivalents..... 10,256	\$ 73,206	\$ 52,980	\$ 16,891	\$ 13,167	\$
Total assets..... 101,347	\$ 253,779	\$ 208,772	\$ 168,884	\$ 141,041	\$
Short-term borrowings..... --	\$ --	\$ --	\$ --	\$ 20,000	\$
Long-term debt (including short-term portion)..... --	\$ 31,000	\$ 33,000	\$ 35,000	\$ --	\$
Shareholders' equity..... 56,002	\$ 79,002	\$ 59,685	\$ 46,410	\$ 56,108	\$

</TABLE>

(A) Information for 1995 has been reported to reflect the SEI Capital Resources Division and the SEI Defined Contribution Retirement Services Division as discontinued operations. See Note 2 of the Notes to Consolidated Financial Statements.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results
of Operations.

(In thousands, except per share data)

This discussion reviews and analyzes the consolidated financial condition at December 31, 1999 and 1998, the consolidated results of operations for the past three years, and other factors that may affect future financial performance. This discussion should be read in conjunction with the Consolidated Financial Statements, Notes to the Consolidated Financial Statements and Selected Financial Data.

We are organized around our four business lines: Technology Services, Asset Management, Mutual Fund Services, and Investments in New Business. Financial information on each of these segments is reflected in Note 11 of the Notes to Consolidated Financial Statements included with item 8 to this report.

Results of Operations

1999 Compared with 1998

Consolidated Overview

<TABLE>

<CAPTION>

Income Statement Data

(In thousands, except per common share data)

	1999	1998	PERCENT CHANGE
	----	----	-----
<S>	<C>	<C>	<C>
Revenues:			
Technology Services.....	\$184,759	\$167,484	10%
Asset Management.....	138,365	90,056	54%
Mutual Fund Services.....	110,083	95,136	16%
Investments in New Business.....	22,985	13,443	71%
Total revenues.....	\$456,192	\$366,119	25%
Operating Income (Loss):			
Technology Services.....	\$ 61,022	\$ 46,793	30%
Asset Management.....	40,185	19,881	102%
Mutual Fund Services.....	24,221	24,993	(3%)
Investments in New Business.....	(10,636)	(10,319)	(3%)
Other.....	(12,298)	(13,463)	9%
Income from operations.....	102,494	67,885	51%

Other income, net.....	6,675	1,998	234%
	-----	-----	
Income from continuing operations before income taxes.....	109,169	69,883	56%
Income taxes.....	42,030	26,904	56%
	-----	-----	
Income from continuing operations.....	\$ 67,139	\$ 42,979	56%
	=====	=====	
Diluted earnings per common share from continuing operations.....	\$ 3.54	\$ 2.25	57%
	=====	=====	

</TABLE>

Revenues and earnings from continuing operations reached a new record level in 1999, primarily from new business in Technology Services and Asset Management. Technology Services operating results reflect increases in recurring processing fees generated from new clients and the delivery of new products to our existing clients. Asset Management operating results were boosted by significant increases in assets under management from new and existing clients in our investment advisory and institutional asset management businesses. Comparative results reflect an unusually large one-time revenue event in 1998, that was triggered by the acquisition of one of our largest technology clients that resulted in the recognition of a substantial contractual buyout fee. Excluding this 1998 one-time item, total revenues actually increased 29 percent and earnings per share increased 69 percent. Revenues and earnings are expected to increase assuming the sales momentum in Asset Management can be sustained and we can continue to generate new business and cross-sell new and existing products in Technology Services. However, continued consolidation in the banking industry or a prolonged unfavorable change in the financial securities markets could impede growth in revenues and earnings.

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The effective tax rate from continuing operations was 38.5 percent for 1999 and 1998. Income taxes are accounted for according to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (See Note 1 and Note 10 of the Notes to Consolidated Financial Statements).

Asset Balances
(In millions)

<TABLE>
<CAPTION>

	As of December 31,		PERCENT CHANGE
	1999	1998	
	-----	-----	-----
<S>	<C>	<C>	<C>
Assets invested in equity and fixed income programs.....	\$ 41,695	\$ 24,994	67%
Assets invested in liquidity funds.....	22,556	19,971	13%
	-----	-----	
Assets under management.....	64,251	44,965	43%
Client proprietary assets under administration.....	170,787	133,407	28%
	-----	-----	
Assets under administration.....	\$ 235,038	\$ 178,372	32%
	=====	=====	

</TABLE>

Assets under management consist of total assets for which we provide management services that are invested in our liquidity (money market and short-term mutual funds) and non-liquidity mutual funds (SEI Family of Funds). Assets under administration consist of total assets for which we provide management and administration services, including client proprietary fund balances for which we provide administration and/or distribution services.

Technology Services

- - - - -

The Technology Services segment provides trust technology outsourcing to banks and other financial institutions with our TRUST 3000 product line. TRUST 3000 includes a myriad of integrated products and sub-systems that provide a complete investment accounting and management information system for trust institutions.

Trust operations outsourcing incorporates the TRUST 3000 product line within a package of services that includes investment management, custody and other back-office capabilities. Through this business, we handle a trust department's back-office administration function. This allows trust institutions to concentrate on expanding and servicing their clients.

<TABLE>
<CAPTION>

	1999 ----	1998 ----	DOLLAR CHANGE -----	PERCENT CHANGE -----
<S>	<C>	<C>	<C>	<C>
Revenues:				
Trust technology services.....	\$163,465	\$150,961	\$12,504	8%
Trust operations outsourcing.....	21,294	16,523	4,771	29%
	-----	-----	-----	
Total revenues.....	184,759	167,484	17,275	10%
Expenses:				
Operating and development.....	92,763	91,175	1,588	2%
Sales and marketing.....	30,974	29,516	1,458	5%
	-----	-----	-----	
Total operating profits.....	\$ 61,022	\$ 46,793	\$14,229	30%
	=====	=====	=====	
Profit margin.....	33%	28%	--	--

</TABLE>

Trust technology services revenues are primarily generated from monthly processing and software application fees from our TRUST 3000 product line and project fees associated with the conversion of new clients onto our TRUST 3000 product line. There was an unusually large one-time revenue event in late 1998 that was triggered by the acquisition of one of our largest technology clients by a third party. As a result, revenues in 1998 included \$12.9 million in one-time contractual buyout fees associated with the loss of this one client. Excluding the effects of this one-time fee, trust technology services revenues actually increased \$25.4 million or 18 percent. Trust technology services revenues increased due to growth in recurring processing fees and project fees generated from new clients that had purchased our products and services in prior years, as well as from new products implemented for existing clients. Recurring processing fees increased \$19.1 million or 24 percent and project fees

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increased \$7.7 million or 29 percent. We expect an increase in recurring processing fees through the delivery of new products and services to our existing clients and the contracting of new clients for processing services. We are currently reviewing strategies to expand the delivery of our trust technology services into the non-bank and offshore markets. Penetrating these new markets could provide many new opportunities. However, consolidations within the banking industry continues to be a major strategic issue facing this segment.

Our trust operations outsourcing business continued to generate new business in 1999. Revenues are derived from processing and management fees. Revenues earned from processing services accounts for approximately 50 percent of total trust operations outsourcing revenues in 1999 and 57 percent in 1998, while investment services comprise the remaining 50 percent in 1999 and 43 percent in 1998. This shift in revenues can be attributed to growth in assets from existing clients and an increase in sales for investment services in the community and regional bank markets. We anticipate this trend will continue. We are currently expanding our trust operations outsourcing efforts beyond the community and regional bank markets because we believe that our trust operations outsourcing service is an attractive alternative to any trust institution faced with the task of building the necessary infrastructure to support the delivery of trust services.

Operating profits and profit margin for Technology Services increased substantially during 1999. Operating profits and profit margin in 1998 were inflated by the inclusion of the significant one-time buyout fee previously discussed. This one-time event contributed approximately \$8.0 million to operating profits in 1998. Excluding the effect of this one-time event, operating profits actually increased 57 percent. The increase in operating profits and profit margin reflect increased system sales in the large bank market over the last few years and back-office sales in the community bank market. In addition, our current infrastructure allows us to carefully manage expenses over a higher net incremental recurring revenue base. As a percentage of sales, operating and development expenses decreased to 50 percent from 54 percent while sales and marketing expenses decreased slightly to 17 percent from 18 percent.

Asset Management - - - - -

The Asset Management segment provides investment solutions through various investment products and services distributed directly or through professional investment advisors, financial planners, and other financial intermediaries to institutional or high-net-worth markets. The primary products offered include money market funds and diversified investment strategies and portfolios delivered to these markets through mutual funds and other pooled vehicles.

<TABLE>
<CAPTION>

	1999	1998	DOLLAR CHANGE	PERCENT CHANGE
	----	----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenues:				
Investment management fees.....	\$120,291	\$75,669	\$44,622	59%
Liquidity management fees.....	18,074	14,387	3,687	26%
	-----	-----	-----	
Total revenues.....	138,365	90,056	48,309	54%
Expenses:				
Operating and development.....	38,153	25,672	12,481	49%
Sales and marketing.....	60,027	44,503	15,524	35%
	-----	-----	-----	
Total operating profits.....	\$40,185	\$19,881	\$20,304	102%
	=====	=====	=====	
Profit margin.....	29%	22%	--	--

</TABLE>

Investment management fees are earned through management fees that are based upon a fixed percentage, referred to as basis points, of the average daily net asset value of assets under management. Investment management fees increased 59 percent due to strong asset growth in both our investment advisory and institutional asset management businesses. Additionally, the favorable trend experienced in the financial securities markets during 1999 partially contributed to the growth in assets under management. Average assets under management increased \$8.0 billion or 54 percent to \$22.7 billion during 1999, as compared to \$14.7 billion during 1998. In our investment advisory business, we continue to be successful at recruiting new registered investment advisors. We established approximately 2,200 new registered investment advisor relationships during 1999, bringing our total network to almost 5,700 advisors. We have also been working closely with our existing

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advisors to assist them in expanding their existing client base through the introduction of new investment options and programs. Our institutional asset management business also experienced strong business growth during 1999. We established 42 new institutional client relationships during 1999, of which nine new relationships funded over \$100 million each. These new relationships included defined benefit plans, defined contribution plans, endowments and foundations. We anticipate continued growth in this segment through the generation of new business and the delivery of new investment products and services.

Liquidity management fees consist of our money market, short-term mutual funds and cash sweep technology that are marketed to corporations and investment firms. The 26 percent increase in liquidity management fees was mainly driven by an increase in average assets under management and increased sales of the cash sweep technology product. Average assets under management increased \$2.1 billion or 66 percent to \$5.3 billion during 1999, as compared to \$3.2 billion during 1998. We successfully recruited 42 new cash sweep technology clients and 29 new institutional clients during 1999. However, short-term interest rate volatility slowed the use of money market funds during 1999 which dampened the growth in liquidity management fees.

Operating profits and profit margin increased substantially during 1999. Profit margin improvement resulted from two primary factors. First, our ability to continually leverage on our existing infrastructure allowed us to increase revenues while controlling variable operating costs. As a percentage of sales, operating and development expenses decreased to 28 percent from 29 percent and sales and marketing expenses decreased to 43 percent from 49 percent. Second, we introduced new investment programs and initiatives to our existing clients. This provided opportunities to generate additional revenues from our existing client base. The current trend in revenues, profits and profit margin improvement is projected to continue in 2000. We are optimistic about our asset management business as we can continue to leverage expenses over higher net incremental assets and introduce new investment products and services into new and existing markets. However, any significant devaluation in the financial securities markets could negatively affect revenues and profits.

Mutual Fund Services

- - - - -

The Mutual Fund Services segment provides administration and distribution services to proprietary mutual funds created for banks, insurance firms, and investment management companies. These services include fund administration and accounting, legal services, shareholder recordkeeping, and marketing.

<TABLE>

<CAPTION>

DOLLAR

PERCENT

	1999 ----	1998 ----	CHANGE -----	CHANGE -----
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$110,083	\$95,136	\$ 14,947	16%
Expenses:				
Operating and development.....	68,759	53,794	14,965	28%
Sales and marketing.....	17,103	16,349	754	5%
	-----	-----	-----	
Total operating profits.....	\$ 24,221	\$24,993	\$ (772)	(3%)
	=====	=====	=====	
Profit margin.....	22%	26%	--	--

Mutual fund services revenues are earned through administrative and distribution fees that are based upon a fixed percentage, referred to as basis points, of the average daily net asset value of the proprietary funds. The amount of basis points earned is specific to each proprietary fund complex and can vary among complexes. The increase in revenues was fueled by growth in average proprietary fund balances, which increased \$45.8 billion or 44 percent to \$149.2 billion during 1999 versus \$103.4 billion during 1998. Average proprietary fund balances increased primarily due to growth in existing large bank complexes. Also, an increased presence in the non-bank and offshore markets has yielded positive returns during 1999. A significant portion of the growth in average assets during 1999 can be attributed to non-bank and offshore clients. However, revenues were negatively affected by a decrease in average basis points earned because of fee concessions extended to existing clients in exchange for longer-term contracts and a reduction in the range of certain services to large bank clients. The outlook for mutual fund services revenues remains optimistic. We will continue to aggressively focus our efforts in the non-bank and offshore markets. Initially, each of these new clients will not generate as much revenue as a large bank complex, but we believe this is a growing market that has significant growth potential.

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Although revenues increased 16 percent, operating profits and profit margin decreased in 1999, primarily from reduced fees from large bank clients and from a significant increase in operating and development expenses. As a percentage of sales, operating and development expenses increased to 62 percent from 57 percent. This increase reflects our critical investments to support our initiatives in the non-bank and offshore markets and to develop new technology that will differentiate our services in an increasingly commoditized product area. We believe that the non-bank and offshore markets hold the greatest growth potential in the upcoming years. Our ability to provide unique and specialized services should generate many additional opportunities to increase revenues and improve profit margin. However, continued consolidations and possible further margin pressure in the large bank sector could have an adverse effect on future revenues and profits.

Investments in New Business

Investments in New Business consist of our international asset management initiatives and Canadian operations. Our international operations incorporate various investment products and services to provide investment solutions to institutional and high-net-worth investors outside North America. Products being offered in Canada include investment advisory, performance evaluation and other consulting services to Canadian pension plans.

<TABLE>
<CAPTION>

	1999 ----	1998 ----	DOLLAR CHANGE -----	PERCENT CHANGE -----
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$ 22,985	\$ 13,443	\$ 9,542	71%
Expenses:				
Operating and development.....	15,541	10,296	5,245	51%
Sales and marketing.....	18,080	13,466	4,614	34%
	-----	-----	-----	
Total operating losses.....	\$ (10,636)	\$ (10,319)	\$ (317)	(3%)
	=====	=====	=====	
Profit margin.....	(46%)	(77%)	--	--

The following table displays revenues by geographic region as a percentage of total segment revenues:

<TABLE>
<CAPTION>

	1999	1998
	-----	-----
<S>	<C>	<C>
Canada.....	43%	76%
Europe/South Africa.....	30%	16%
Asia.....	19%	--
Latin America.....	8%	8%
	-----	-----
Total.....	100%	100%

</TABLE>

Our offshore enterprises are looking to capitalize on international growth opportunities by creating distribution channels for our investment products and services outside North America. Our efforts are currently focused on selected regions: Europe/South Africa, Asia, and Latin America. These offshore enterprises accounted for approximately 57 percent of total segment revenues in 1999, as compared to 22 percent in 1998. We experienced substantial revenue growth in the European/South African and Asian regions. In the European/South Africa region, we introduced an SEI-managed fund complex in association with Mediolanum S.p.A, an Italian insurance company, into the Italian marketplace earlier this year. Our Korean joint venture, which was initiated in March 1999, accounts for all revenue growth in the Asian region. Average assets under management from our offshore enterprises were \$2.2 billion during 1999, as compared to \$438 million during 1998.

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Our Canadian operations continued to experience a transition in product demand. The performance evaluation and consulting business experienced another year where client terminations exceeded new client contracting. The investment advisory business in Canada is gaining some momentum through the establishment of several new relationships. Average assets under management in Canada were \$697 million during 1999, as compared to \$412 million during 1998. The performance evaluation and consulting business accounted for approximately 26 percent of total segment revenues in 1999, as compared to 57 percent in 1998. The investment advisory business accounted for approximately 17 percent of total segment revenues in 1999, as compared to 19 percent in 1998.

Although the pace of global asset gathering and revenue generation continued to accelerate, we also accelerated the pace of our investment efforts, especially in the European region. We opened a London office to address the United Kingdom pension market and to create a platform for other planned European initiatives. In addition, we have an agreement to form a joint venture with CCF, a large French universal banking concern. This joint venture will bring our multi-manager capabilities to the French market and to selected markets outside France. We believe that global expansion is an area of significant long-term growth for our firm. We will continue to make significant investments in our global initiatives and expect to incur losses in 2000.

Other
- - - - -

Other includes our interest in the partnership LSV Asset Management ("LSV"). LSV is a registered investment advisor which provides investment advisory services to institutions, including pension plans and investment companies. LSV is currently the portfolio manager for a number of SEI-sponsored investment products. Our interest in LSV was approximately 47 percent during 1999 and approximately 45 percent during 1998. Our vested interest in LSV's net earnings for 1999 was \$6,765, as compared to \$3,015 for 1998. The increase in our portion of LSV's net earnings was due to an increase in assets under management. Average assets under management for LSV were \$4.4 billion during 1999, as compared to \$2.6 billion during 1998.

General and administrative expenses decreased 9 percent to \$12,298 for 1999 from \$13,463 for 1998. As a percentage of total consolidated revenues, general and administrative expenses were 3 percent in 1999, as compared to 4 percent in 1998. The decrease in general and administrative expenses is primarily due to a reduction in personnel and facility related costs in corporate overhead groups.

Interest income for 1999 was \$2,285, as compared to \$1,558 for 1998. Interest income is earned based upon the amount of cash that is invested daily and fluctuations in interest income recognized for one period in relation to another is due to changes in the average cash balance invested for the period.

Interest expense for 1999 was \$2,375, as compared to \$2,575 for 1998. Interest expense primarily relates to the issuance of long-term debt in early 1997 (See Note 6 of the Notes to Consolidated Financial Statements).

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Consolidated Overview

<TABLE>
<CAPTION>
Income Statement Data
(In thousands, except per common share data)

	1998 ----	1997 ----	PERCENT CHANGE -----
<S>	<C>	<C>	<C>
Revenues:			
Technology Services.....	\$167,484	\$129,525	29%
Asset Management.....	90,056	61,871	46%
Mutual Fund Services.....	95,136	83,157	14%
Investments in New Business.....	13,443	14,439	(7%)
Other.....	--	3,757	(100%)
	-----	-----	
Total revenues.....	\$366,119	\$292,749	25%
Operating Income (Loss):			
Technology Services.....	\$ 46,793	\$37,146	26%
Asset Management.....	19,881	3,281	506%
Mutual Fund Services.....	24,993	23,858	5%
Investments in New Business.....	(10,319)	(5,799)	(78%)
Other.....	(13,463)	(12,974)	(4%)
	-----	-----	
Income from operations.....	67,885	45,512	49%
Other income (expense), net.....	1,998	(1,505)	233%
	-----	-----	
Income from continuing operations before income taxes.....	69,883	44,007	59%
Income taxes.....	26,904	17,163	57%
	-----	-----	
Income from continuing operations.....	\$ 42,979	\$26,844	60%
	=====	=====	
Diluted earnings per common share from continuing operations.....	\$ 2.25	\$ 1.40	61%
	=====	=====	

Revenues and earnings from continuing operations reached record levels in 1998 primarily due to the contracting of new trust technology clients, the recognition of a substantial one-time buyout fee, and significant growth in fund balances. Although consolidated revenues in 1998 were affected by the recognition of significant one-time items, recurring revenues constitute approximately 81 percent of total revenues. Technology Services and Asset Management experienced significant increases in business activity beginning in late 1997 and extending into 1998. The inclusion of significant one-time charges and increased investments in several product lines curtailed earnings growth in 1998. Excluding the one-time buyout fee and one-time charges, revenue growth would have approximated 21 percent and earnings growth would have approximated 37 percent.

The effective tax rate from continuing operations was 38.5 percent for 1998, as compared to 39.0 percent for 1997. Income taxes are accounted for pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (See Note 1 and Note 10 of the Notes to Consolidated Financial Statements).

Asset Balances
(In millions)

<TABLE>
<CAPTION>

	As of December 31, -----		PERCENT CHANGE -----
<S>	1998 ----	1997 ----	<C>
Assets invested in equity and fixed income programs.....	\$ 24,994	\$ 14,347	74%
Assets invested in liquidity funds.....	19,971	17,950	11%
	-----	-----	
Assets under management.....	44,965	32,297	39%
Client proprietary assets under administration.....	133,407	83,419	60%
	-----	-----	
Assets under administration.....	\$ 178,372	\$ 115,716	54%
	=====	=====	

</TABLE>

Technology Services

<TABLE>
<CAPTION>

	1998	1997	DOLLAR CHANGE	PERCENT CHANGE
	----	----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenues:				
Trust technology services.....	\$150,961	\$119,378	\$31,583	26%
Trust operations outsourcing.....	16,523	10,147	6,376	63%
	-----	-----	-----	
Total revenues.....	167,484	129,525	37,959	29%
Expenses:				
Operating and development.....	91,175	67,973	23,202	34%
Sales and marketing.....	29,516	24,406	5,110	21%
	-----	-----	-----	
Total operating profits.....	\$ 46,793	\$ 37,146	\$ 9,647	26%
	=====	=====	=====	
Profit margin.....	28%	29%	--	--

A significant one-time contractual buyout fee from a client involved in an acquisition increased revenues in 1998. New trust technology client relationships established in 1997 favorably affected recurring processing fees by an incremental \$9.3 million and nonrecurring implementation fees by an incremental \$6.0 million in 1998. Conversely, when a client prematurely terminates its contract for processing services, recurring processing fees are negatively affected in future periods and a one-time contractual buyout fee is received. Buyout fees are recognized in income when the client is completely removed from the TRUST 3000 product line. As a result of lost trust technology clients in 1998, \$15.0 million in one-time contractual buyout fees were recognized and recurring processing fees decreased \$7.0 million. Revenues earned from bank clients utilizing our liquidity products and brokerage services increased 45 percent or \$8.8 million, but only accounts for approximately 19 percent of total trust technology services revenues recognized in 1998 and 16 percent in 1997.

Trust operations outsourcing revenues experienced another year of strong growth. Revenues earned from processing services accounts for approximately 57 percent in 1998 and 55 percent in 1997 of total trust operations outsourcing revenues, while custody and investment solutions comprise the remaining 43 percent in 1998 and 45 percent in 1997.

Although revenues from this segment increased 29 percent and operating profits increased 26 percent during 1998, profit margin decreased slightly to 28 percent for 1998, as compared to 29 percent for 1997. The contracting of new clients and the recognition of a substantial one-time buyout fee increased operating profits in 1998. However, increases in operating expenses to maintain these new client relationships and a one-time write-off of capitalized software development costs negatively affected operating profits in 1998. As a percentage of sales, operating and development expenses increased to 54 percent from 52 percent and sales and marketing expenses decreased slightly to 18 percent from 19 percent.

Operating and development expenses in 1998 increased mainly due to increased business activity, a stronger commitment to enhancing products, the write-off of previously capitalized software development costs, and the direct correlation between bank-related brokerage services revenues and direct expenses. The contracting of new clients required additional personnel and other related operating costs in order to properly implement, service, and maintain these new relationships. Additionally, substantial investments were incurred to analyze and improve the implementation process for new clients. These investments included process redesign and infrastructure reinvention.

Operating and development expenses were significantly affected in 1998 due to several factors associated with software development costs. First, each year, we evaluate strategies for new and existing software products, as well as performing a recoverability assessment of software development projects currently in production. The recoverability assessment included an evaluation of expected future revenues and cash flows, acceptability of the software product in its target market, a cost-benefit analysis as to the delivery and support of the software product, and any technological advancements that could enhance or render the product obsolete. As a result, certain projects were considered either obsolete or incapable of achieving the expected results in their original design and approximately \$4.8 million of net software development costs previously capitalized were written off during the fourth quarter of 1998. Second, in order to keep a competitive edge, substantial investments in research and

development costs for the TRUST 3000 product line were incurred during 1998. Finally, with the completion and subsequent release of several capitalized software development projects, amortization expense increased during 1998.

Asset Management

	1998	1997	DOLLAR CHANGE	PERCENT CHANGE
	----	----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenues:				
Investment management fees.....	\$75,669	\$51,188	\$24,481	48%
Liquidity management fees.....	14,387	10,683	3,704	35%
	-----	-----	-----	
Total revenues.....	90,056	61,871	28,185	46%
Expenses:				
Operating and development.....	25,672	25,488	184	1%
Sales and marketing.....	44,503	33,102	11,401	34%
	-----	-----	-----	
Total operating profits.....	\$19,881	\$ 3,281	\$16,600	506%
	=====	=====	=====	
Profit margin.....	22%	5%	--	--

</TABLE>

Substantial increases in average assets under management generated the 48 percent increase in revenues. Average assets under management increased \$5.1 billion or 53 percent to \$14.7 billion during 1998, as compared to \$9.6 billion during 1997. Investment solutions offered to high-net-worth investors through registered investment advisors, financial planners, and other financial intermediaries produced strong sales gains during 1998. These gains result from a unique product that allows the investment advisor to dedicate more effort to increasing assets rather than administering record-keeping and processing tasks. Additionally, many new institutional clients were contracted for services in 1998.

Liquidity management fees consist of our money market, short-term mutual funds and cash sweep technology that are marketed to corporations and investment firms. The 35 percent increase in liquidity management fees was mainly driven by an increase in average assets under management and increased sales of the cash sweep technology product.

The Asset Management segment experienced a significant increase in operating profits primarily due to growth in assets under management. Profit margin in 1998 also improved substantially. Profit margin rose to 22 percent for 1998, as compared to 5 percent for 1997. As a percentage of sales, operating and development expenses decreased to 29 percent from 41 percent and sales and marketing expenses decreased to 49 percent from 54 percent. Our ability to leverage on our infrastructure resulted in improved margins as revenues increased with minimal incremental variable operating costs.

Mutual Fund Services

	1998	1997	DOLLAR CHANGE	PERCENT CHANGE
	----	----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$95,136	\$83,157	\$11,979	14%
Expenses:				
Operating and development.....	53,794	44,173	9,621	22%
Sales and marketing.....	16,349	15,126	1,223	8%
	-----	-----	-----	
Total operating profits.....	\$24,993	\$23,858	\$ 1,135	5%
	=====	=====	=====	
Profit margin.....	26%	29%	--	--

</TABLE>

The increase in revenues was primarily fueled by growth in existing complexes

and the conversion of a large bank complex in 1998. Average proprietary fund balances increased \$30.1 billion or 41 percent to \$103.4 billion for 1998 versus \$73.3 billion for 1997. Growth in average proprietary fund balances resulted from banks being able to successfully convince their customers to invest assets into bank sponsored mutual funds. Average basis points earned decreased in 1998 primarily due to a reduction in pricing for some larger clients in order to solidify long-term relationships and the loss of some higher margin relationships.

Although revenues increased 14 percent, operating profits only increased 5 percent. Profit margin in 1998 decreased to 26 percent, as compared to 29 percent for 1997. A significant increase in operating and development expenses negatively affected operating profits in 1998. As a percentage of sales, operating and development expenses increased to 57 percent from 53 percent. Two primary factors contributed to this increase. There is a direct correlation between revenues and certain direct expenses. The increase in revenues during 1998 generated an incremental \$7.0 million in direct proprietary expenses. Also, with the increased business activity and emphasis on other markets, back-office operational costs increased in order to maintain quality service for existing clients and to establish distribution channels and name recognition internationally. As a percentage of sales, sales and marketing expenses remained relatively flat for 1998 and 1997.

Investments in New Business
- - - - -

<TABLE>
<CAPTION>

	1998 ----	1997 ----	DOLLAR CHANGE -----	PERCENT CHANGE -----
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$ 13,443	\$14,439	\$ (996)	(7%)
Expenses:				
Operating and development.....	10,296	8,102	2,194	27%
Sales and marketing.....	13,466	12,136	1,330	11%
	-----	-----	-----	
Total operating losses.....	\$ (10,319) =====	\$ (5,799) =====	\$ (4,520) =====	(78%)
Profit margin.....	(77%)	(40%)	--	--

Our Canadian operations are experiencing a transition in product demand. The performance evaluation and consulting business experienced another year where client terminations exceeded new client contracting. The investment advisory business in Canada is gaining momentum as evidenced by revenues and assets under management increasing in 1998. As a percentage of total segment revenues, the performance evaluation and consulting business accounted for approximately 57 percent in 1998, as compared to 62 percent in 1997, and the investment advisory business accounted for approximately 19 percent in 1998, as compared to only 8 percent in 1997.

Our offshore enterprises are looking to capitalize on international growth opportunities by creating distribution channels for our investment products and services outside North America. Our efforts are focused on selected regions: Europe/South Africa, Asia, and Latin America. As a percentage of total segment revenues, these offshore enterprises accounted for approximately 22 percent in 1998, as compared to 16 percent in 1997.

Operating results were affected by substantial investments made in foreign markets. Our strategy is to team with local partners to establish name recognition and distribution channels for our investment products and services. Additionally, operating results were negatively affected by \$2.7 million associated with the write-off of customer lists from a foreign acquisition.

Other
- - - - -

Other includes our interest in the partnership LSV Asset Management ("LSV"). LSV is a registered investment advisor which provides investment advisory services to institutions, including pension plans and investment companies. LSV is the portfolio manager to several SEI-sponsored investment products. In 1997, our interest in LSV was 51 percent and was consolidated into our operating results. LSV reported \$3,757 in total revenues and operating profits of \$957.

Beginning in the first quarter of 1998, our interest in LSV was reduced to approximately 45 percent. As a result, LSV was accounted for using the equity method of accounting. The vested interest in the net operating results of LSV for 1998 is reflected in Equity in the earnings of unconsolidated affiliate on

the accompanying Consolidated Statements of Operations. Our interest in LSV's net earnings for 1998 was \$3,015.

General and administrative expenses decreased 3 percent to \$13,463 for 1998 from \$13,931 for 1997. As a percentage of total consolidated revenues, general and administrative expenses were 4 percent in 1998, as compared to 5 percent in 1997. The decrease in general and administrative expenses is primarily due to a reduction in personnel costs in corporate overhead groups.

Interest income for 1998 was \$1,558, as compared to \$983 for 1997. Interest income is earned based upon the amount of cash that is invested daily and fluctuations in interest income recognized for one period in relation to another is due to changes in the average cash balance invested for the period.

Interest expense for 1998 was \$2,575, as compared to \$2,488 for 1997. Interest expense primarily relates to the issuance of long-term debt in early 1997 (See Note 6 of the Notes to Consolidated Financial Statements).

Liquidity and Capital Resources

<TABLE>
<CAPTION>

	1999	1998	1997
	----	----	----
<S>	<C>	<C>	<C>
Net cash provided by operating activities.....	\$ 92,896	\$ 99,869	\$ 46,537
Net cash used in investing activities.....	(21,829)	(31,702)	(21,854)
Net cash used in financing activities.....	(50,841)	(32,078)	(20,959)
	-----	-----	-----
Net increase in cash and cash equivalents.....	20,226	36,089	3,724
Cash and cash equivalents, beginning of year.....	52,980	16,891	13,167
	-----	-----	-----
Cash and cash equivalents, end of year.....	\$ 73,206	\$ 52,980	\$ 16,891
	=====	=====	=====

</TABLE>

Cash requirements and liquidity needs are primarily funded through operations and our capacity for additional borrowing. We currently have a line of credit agreement that provides for borrowings of up to \$50,000. The availability of the line of credit is subject to compliance with certain covenants set forth in the agreement (See Note 5 of the Notes to Consolidated Financial Statements). At December 31, 1999, the unused sources of liquidity consisted of cash and cash equivalents of \$73,206 and the unused portion of the line of credit of \$50,000.

Cash flow generated from operations in 1999 and 1998 primarily resulted from an increase in income, accrued compensation and various accrued liabilities. The increase in accrued compensation and various accrued liabilities resulted from increased business activity during 1999 and 1998. Accrued compensation is paid annually in the first quarter of the following year. Cash flows from operations in 1998 were boosted by the sales of loans by our Swiss-based subsidiary and the receipt of a significant contractual buyout payment relating to a bank client involved in an acquisition.

Cash flows provided by operations were also affected by receivables. Receivables from regulated investment companies increased in 1999 and 1998 primarily due to an increase in assets under management. These balances were received in the following month. Additionally, an increase in 1999 trade receivables negatively affected cash flows from operations, whereas increased trade receivables collections in 1998 positively affected cash flows from operations.

Cash flows from investing activities are principally affected by capital expenditures, including capitalized software development costs. Capital expenditures in 1999 and 1998 included significant costs, including equipment and furniture and fixtures associated with the construction of an additional building within our corporate campus which was completed in early 1999. The additional building was necessary due to increased headcount relating to increased business activity. Additionally, we have approved plans to further expand our corporate campus in 2000. This project should be completed in late 2001 at an estimated cost of \$20,000. Capitalized software development costs in 1998 and 1997 included continued investments in the TRUST 3000 product line, especially the open architecture project and a concentrated effort to address Year 2000 compliance issues. Also, additional investments in SEI-sponsored mutual funds were made during 1999 and 1998. These investments are classified as Investments available for sale.

Cash flows from financing activities are primarily affected by debt and equity transactions. On February 24, 1997, we issued \$35,000 of medium-term notes in a private offering with certain financial institutions. The proceeds were used to repay the outstanding balance on our line of credit at that date, which amounted to \$30,000. Principal payments are made annually from the date of issuance while interest payments are made semi-annually (See Note 6 of the Notes to

Consolidated Financial Statements). We continued our common stock repurchase program. Approximately 688,000 shares of our common stock were acquired at a cost of \$65,970 during 1999 pursuant to an open market stock purchase authorization of \$353,365 made by the Board of Directors. As of February 29, 2000, we still had \$10,813 remaining authorized for the purchase of our common stock. Proceeds received from the issuance of common stock, including tax benefit, increased in 1999 and 1998 primarily due to increased stock option exercise activity and the substantial increase in our common stock share price during the past two years. Cash dividends of \$.40 per share were declared in 1999 and \$.32 in 1998. The Board of Directors has indicated its intention to continue making cash dividend payments.

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

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Discontinued Operations

In 1995, the Board of Directors approved a plan of disposal for the SEI Capital Resources Division ("CR"). CR provided investment performance evaluation services, consulting services, and brokerage services to employee benefit plan sponsors and investment advisors in the United States.

A provision for the disposal of CR was established in 1996 that included certain estimates relating to future commitments on certain operating leases utilized by CR. These estimates were based upon certain assumptions relating to the sub-leasing of these facilities. In 1998, these sub-lease arrangements were finalized. As a result, the original discontinued operations provision was overstated and accordingly was reduced by \$1,154, net of tax expense of \$444, and is reflected in Income from disposal of discontinued operations on the Consolidated Statements of Operations.

In 1997, the remaining net assets of CR were sold to a private investment firm. The sale included the receipt of cash at closing and a note that was to be paid in two installments. The total proceeds received equaled the value of CR's remaining net assets and thus no gain or loss was recorded. Any additional gain would be recorded when payment on the note was received. In 1999, the entire amount of the note was in default. We accepted an offer of \$2,100, net of tax expense of \$808, as satisfaction for the amount due on the outstanding balance of the note. The entire amount was recognized as a gain and is reflected in Income from disposal of discontinued operations on the Consolidated Statements of Operations (See Note 2 of the Notes to Consolidated Financial Statements).

Assessment of the Transition into the Year 2000

Background

We began work on the Year 2000 issue in 1995 with management recognition that failure to acknowledge, analyze and remediate potential Year 2000 processing issues could result in material consequences to our financial position and operating results. Through early 1997, we focused our efforts on an assessment of our TRUST 3000 product line and by mid-1997, we expanded our efforts to include a review of all proprietary systems, vendors, internally used systems and any other item that might have been affected by the Year 2000. A corporate Year 2000 committee was formed consisting of representatives from every area of our business and was managed by a full time senior project manager. The Year 2000 program encompassed all system hardware and software, physical facilities, utilities, electronic equipment and communications, as well as all other ancillary purchased products and services. Our Year 2000 program fully subscribed to the Federal Financial Institutions Examination Council guidelines.

Contingency Plans

Contingency planning efforts were focused on the most critical business functions and varied significantly based on a system's functionality and how it operates. These plans incorporated an analysis of activities and processes that occurred prior to, during and after the transition into the Year 2000. For many business critical functions, we developed both a remediation contingency plan and a business resumption contingency plan. The remediation contingency plan dealt with how to react and quickly fix the disruption. The business resumption contingency plan involved developing alternative ways to continue critical operations in the event of a Year 2000 disruption. A rapid response team was available during peak processing times to execute our Year 2000 contingency plans. Throughout the post-event period, we continued to monitor most critical business functions to ensure the smooth operation of all systems.

Costs to Address Year 2000 Issues

The cost of Year 2000 remediation and testing of the TRUST 3000 product line was projected to be approximately \$10 million. Through December 31, 1999, approximately \$7.7 million has been spent, of which approximately \$4.5 million has been capitalized pursuant to Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed" (See Note 1 of the Notes to Consolidated Financial Statements). The spending dedicated to the TRUST 3000 product line represents the material costs incurred to achieve Year 2000 compliance. All Year 2000 compliance costs for all other proprietary systems, including those used for internal business purposes, were expensed as incurred or capitalized if new software or hardware was purchased. These costs were immaterial.

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Transition into the Year 2000

Throughout the event period, a variety of tests and activities were performed to validate our critical applications, software, hardware, systems and infrastructure were operating as expected. Specific post-event milestones were identified and monitored closely, such as first month-end processing in Year 2000, leap-year processing, dividend postings, etc. There were no critical Year 2000 issues. All critical infrastructure systems and hardware were operational. No critical data integrity issues were reported and no client access or service problems were reported. Our revenue and spending patterns were unaltered by Year 2000 remediation efforts. No planned development projects were delayed or cancelled as a result of Year 2000 compliance efforts.

Recent Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 provides guidance on applying generally accepted accounting principles to revenue recognition issues in financial statements. We are currently evaluating the provisions established in SAB 101 to assess if application of SAB 101 is required in our financial statements.

Forward-Looking Information

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

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We do have several offices located outside the United States that conduct business in the local currencies of that country. We do not use foreign currency exchange contracts or other types of derivative financial investments to hedge local currency cash flows. All foreign operations only account for approximately 6 percent of total consolidated revenues. Due to this limited activity, we do not expect any material loss with respect to foreign currency risk.

Exposure to market risk for changes in interest rates relate primarily to our investment portfolio and long-term debt. Currently, we do not invest in derivative financial instruments. We do not undertake any specific actions to cover our exposure to interest rate risk and are not a party to any interest rate risk management transactions. We place our investments in financial instruments that meet high credit quality standards. We are adverse to principal loss and ensure the safety and preservation of our invested funds by limiting default risk, market risk, and reinvestment risk. The interest rate on our long-term debt is fixed and is not traded on any established market. We have no cash flow exposure due to rate changes for our long-term debt.

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Item 8. Financial Statements and Supplementary Data.

Index to Financial Statements:

Report of Independent Public Accountants

Consolidated Balance Sheets -- December 31, 1999 and 1998
 Consolidated Statements of Operations -- For the years ended
 December 31, 1999, 1998, and 1997
 Consolidated Statements of Shareholders' Equity -- For the years ended
 December 31, 1999, 1998, and 1997
 Consolidated Statements of Cash Flows -- For the years ended December
 31, 1999, 1998, and 1997
 Notes to Consolidated Financial Statements
 Schedule II -- Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To SEI Investments Company:

We have audited the accompanying consolidated balance sheets of SEI Investments Company (a Pennsylvania corporation) and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule 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 and schedule 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, the financial statements referred to above present fairly, in all material respects, the financial position of SEI Investments Company and subsidiaries as of 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.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the Index to Financial Statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Philadelphia, Pa.
 February 1, 2000

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<TABLE>
 <CAPTION>

Consolidated Balance Sheets (In thousands)		SEI Investments Company and Subsidiaries	
December 31,		1999	1998
-----		-----	-----
<S>	<C>	<C>	<C>
Assets	Current Assets:		
	Cash and cash equivalents.....	\$ 73,206	\$ 52,980
	Receivables from regulated investment companies.....	24,179	18,999
	Receivables, net of allowance for doubtful accounts of \$1,700 and \$1,200.....	33,554	27,919
	Deferred income taxes.....	10,934	7,598
	Prepaid expenses and other current assets.....	5,119	6,013
		-----	-----

Total Current Assets.....	146,992	113,509
	-----	-----
Property and Equipment, net of accumulated depreciation and amortization of \$71,415 and \$57,452.....	65,640	62,761
	-----	-----
Capitalized Software, net of accumulated amortization of \$9,838 and \$8,238.....	15,626	17,068
	-----	-----
Other Assets, net.....	25,521	15,434
	-----	-----
	\$253,779	\$208,772

</TABLE>

The accompanying notes are an integral part of these statements.

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Consolidated Balance Sheets		SEI Investments	
(In thousands, except par value)		and	
Company Subsidiaries	December 31,	1999	1998
	-----	-----	-----
	<S>	<C>	<C>
Liabilities and Shareholders' Equity	Current Liabilities:		
	Current portion of long-term debt.....	\$ 2,000	\$ 2,000
	Accounts payable.....	7,397	6,805
	Accrued compensation.....	39,846	32,105
	Accrued proprietary fund services.....	11,562	10,370
	Accrued consulting services.....	7,342	6,934
	Other accrued liabilities.....	51,451	39,069
	Deferred revenue.....	19,320	13,511
		-----	-----
	Total Current Liabilities.....	138,918	110,794
		-----	-----
	Long-term Debt.....	29,000	31,000
		-----	-----
	Deferred Income Taxes.....	6,859	7,293
		-----	-----
	Commitments and Contingencies		
	Shareholders' Equity:		
	Series Preferred stock, \$.05 par value, 60 shares authorized; no shares issued and outstanding.....	--	--
	Common stock, \$.01 par value, 100,000 shares authorized; 17,692 and 17,861 shares issued and outstanding.....	177	179
	Capital in excess of par value.....	71,501	57,541
	Retained earnings.....	7,373	2,422
	Accumulated other comprehensive losses.....	(49)	(457)
		-----	-----
	Total Shareholders' Equity.....	79,002	59,685
		-----	-----
		\$253,779	\$208,772

</TABLE>

The accompanying notes are an integral part of these statements.

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<TABLE> <CAPTION> Consolidated Statements of Operations Company	SEI Investments
--	-----------------

(In thousands, except per share data)
Subsidiaries

And

Year Ended December 31, 1997	1999	1998	
<S>	<C>	<C>	<C>
Revenues.....	\$456,192	\$366,119	
\$292,749			
Expenses:			
Operating and development.....	215,216	180,937	
148,536			
Sales and marketing.....	126,184	103,834	
84,770			
General and administrative.....	12,298	13,463	
13,931			
Income from operations.....	102,494	67,885	
45,512			
Equity in the earnings of unconsolidated affiliate.....	6,765	3,015	
--			
Interest income.....	2,285	1,558	
983			
Interest expense.....	(2,375)	(2,575)	
(2,488)			
Income from continuing operations before income taxes.....	109,169	69,883	
44,007			
Income taxes.....	42,030	26,904	
17,163			
Income from continuing operations.....	67,139	42,979	
26,844			
Income from disposal of discontinued operations, net of income tax expense of \$808 and \$444.....	1,292	710	
--			
Net income.....	\$68,431	\$43,689	
\$26,844			
Basic earnings per common share:			
Earnings per common share from continuing operations.....	\$3.78	\$2.41	
\$1.47			
Earnings per common share from discontinued operations.....	.07	.04	
--			
Basic earnings per common share.....	\$3.85	\$2.45	
\$1.47			
Diluted earnings per common share:			
Earnings per common share from continuing operations.....	\$3.54	\$2.25	
\$1.40			
Earnings per common share from discontinued operations.....	.07	.04	
--			
Diluted earnings per common share.....	\$3.61	\$2.28	
\$1.40			

</TABLE>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity
(In thousands)

SEI Investments Company
and Subsidiaries

<TABLE>
<CAPTION>

Total Shareholders' Equity	Common Stock		Capital In Excess of	Retained	Accumulated Other Comprehensive Income	
	Shares	Amount	Par Value	Earnings	Cumulative Foreign Currency Translation Adjustments	Unrealized Holding Gain (Loss) on Investments
	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1996.....	18,498	\$185	\$ 54,959	\$ 1,141	\$ (177)	\$ --
Comprehensive income:						
Net income.....	--	--	--	26,844	--	--
Foreign currency translation adjustments.....	--	--	--	--	(240)	--
Unrealized loss on investments.....	--	--	--	--	--	(75)
Total comprehensive income.....						
26,529						
Purchase and retirement of common stock.....	(1,403)	(14)	(20,666)	(22,940)	--	--
(43,620)						
Issuance of common stock under the employee stock purchase plan.....	47	1	1,053	--	--	--
1,054						
Issuance of common stock upon exercise of stock options.....	625	6	8,009	--	--	--
8,015						
Tax benefit on stock options exercised...	--	--	3,369	--	--	--
3,369						
Cash dividends.....	--	--	--	(5,045)	--	--
(5,045)						
Balance, December 31, 1997.....	17,767	178	46,724	--	(417)	(75)
46,410						
Comprehensive income:						
Net income.....	--	--	--	43,689	--	--
43,689						
Foreign currency translation adjustments.....	--	--	--	--	9	--
9						
Unrealized gain on investments.....	--	--	--	--	--	26
26						
Total comprehensive income.....						
43,724						
Purchase and retirement of common stock.....	(898)	(9)	(21,998)	(35,566)	--	--
(57,573)						
Issuance of common stock under the employee stock purchase plan.....	28	--	1,524	--	--	--
1,524						
Issuance of common stock upon exercise of stock options.....	964	10	11,262	--	--	--
11,272						
Tax benefit on stock options exercised...	--	--	20,029	--	--	--
20,029						
Cash dividends.....	--	--	--	(5,701)	--	--
(5,701)						
Balance, December 31, 1998.....	17,861	\$179	\$ 57,541	\$ 2,422	\$ (408)	\$ (49)
\$ 59,685						

</TABLE>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity SEI Investments Company and Subsidiaries

<TABLE> <CAPTION>

Table with 7 columns: Total Shareholders' Equity, Common Stock (Shares, Amount), Capital (In Excess of Par Value, Retained Earnings), Accumulated Other Comprehensive Income (Cumulative Foreign Currency Adjustments, Unrealized Holding Gain (Loss) on Investments). Rows include Balance Dec 31, 1998, Comprehensive income (Net income, Foreign currency translation adjustments, Unrealized gain on investments), Total comprehensive income, Purchase and retirement of common stock, Issuance of common stock under employee stock purchase plan, Issuance of common stock upon exercise of stock options, Tax benefit on stock options exercised, Cash dividends, and Balance Dec 31, 1999.

</TABLE>

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows SEI Investments Company and Subsidiaries

Year Ended December 31, 1997 1999 1998

<S> <C> <C>
<C> Cash flows from operating activities:

Net income.....		\$68,431	\$43,689
\$26,844			
Adjustments to reconcile net income to net cash provided by operating activities:			
14,068	Depreciation and amortization.....	15,793	15,688
--	Provision for losses on receivables.....	500	--
--	Equity in the earnings of unconsolidated affiliate.....	(6,765)	(3,015)
--	Write-off of capitalized software.....	1,204	4,832
--	Write-off of customer lists.....	--	2,662
893	Deferred income tax expense (benefit).....	(3,483)	(3,608)
--	Discontinued operations.....	(1,292)	(710)
(1,214)	Other.....	194	3,450
Change in current assets and liabilities:			
Decrease (increase) in:			
(3,616)	Receivables from regulated investment companies.....	(5,180)	(4,547)
(11,634)	Receivables.....	(6,135)	2,121
1,745	Prepaid expenses and other current assets.....	894	9,110
Increase (decrease) in:			
(65)	Accounts payable.....	592	1,007
6,417	Accrued compensation.....	7,741	11,208
3,064	Accrued proprietary fund services.....	1,192	558
(836)	Accrued consulting services.....	1,000	3,674
8,836	Other accrued liabilities.....	12,401	7,397
2,035	Deferred revenue.....	5,809	6,353
-----		-----	-----
19,693	Total adjustments.....	24,465	56,180
-----		-----	-----
\$46,537	Net cash provided by operating activities.....	\$92,896	\$99,869

</TABLE>

The accompanying notes are an integral part of these statements.

<TABLE>			
<CAPTION>			
Consolidated Statements of Cash Flows			SEI
Investments Company			
(In thousands)			
Subsidiaries			and
Year Ended December 31,		1999	1998
1997			

<S>		<C>	<C>
<C>			
Cash flows from investing activities:			
(12,955)	Additions to property and equipment.....	(17,254)	(21,774)
(8,096)	Additions to capitalized software.....	(1,362)	(6,719)
--	Purchase of investments available for sale.....	(2,494)	(2,626)
(803)	Other.....	(719)	(583)

	Net cash used in investing activities.....	(21,829)	(31,702)
(21,854)			
	Cash flows from financing activities:		
	Proceeds from (payment on) long-term debt.....	(2,000)	(2,000)
35,000	Payment on line of credit.....	--	--
(20,000)	Purchase and retirement of common stock.....	(65,970)	(55,156)
(43,620)	Proceeds from issuance of common stock.....	8,470	10,379
9,069	Tax benefit on stock options exercised.....	15,056	20,029
3,369	Payment of dividends.....	(6,397)	(5,330)
(4,777)			

	Net cash used in financing activities.....	(50,841)	(32,078)
(20,959)			

	Net increase in cash and cash equivalents.....	20,226	36,089
3,724			
	Cash and cash equivalents, beginning of year.....	52,980	16,891
13,167			

	Cash and cash equivalents, end of year.....	\$73,206	\$52,980
\$16,891			

</TABLE>

The accompanying notes are an integral part of these statements.

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Notes to Consolidated Financial Statements

SEI Investments Company
and Subsidiaries

Note 1 - Summary of Significant Accounting Policies:

Nature of Operations - SEI Investments Company (the "Company") is organized around its four primary business lines: Technology Services, Asset Management, Mutual Fund Services, and Investments in New Business. Technology Services, which accounted for 41 percent of consolidated revenues in 1999, includes the Trust 3000 product line and trust operations outsourcing. Asset Management, which accounted for 30 percent of consolidated revenues in 1999, provides investment solutions through various investment products and services distributed directly or through professional investment advisors, financial planners, and other financial intermediaries to institutional and high-net-worth markets. Mutual Fund Services, which accounted for 24 percent of consolidated revenues in 1999, provides administration and distribution services to proprietary mutual funds created for banks, insurance firms, and investment management companies. Investments in New Business, which accounted for 5 percent of consolidated revenues in 1999, consists of the Company's Canadian and international operations which provide investment advisory services globally through investment products and services and performance evaluation and consulting services to Canadian pension plans.

Principles of Consolidation - The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. The Company's principal subsidiaries are SEI Investments Distribution Company ("SIDCO"), SEI Investments Management Corporation ("SIMC"), and SEI Trust Company. All intercompany accounts and transactions have been eliminated. Investment in unconsolidated affiliate is accounted for using the equity method due to the Company's less than 50 percent ownership. The Company's portion of the affiliate's operating results is reflected in Equity in the earnings of unconsolidated affiliate on the accompanying Consolidated Statements of Operations (See Note 4).

Cash and Cash Equivalents - At December 31, 1999 and 1998, Cash and cash equivalents included \$72,874,000 and \$50,283,000, respectively,

primarily invested in SEI Tax Exempt Trust, one of several mutual funds sponsored by SIMC. Interest and dividend income for 1999, 1998, and 1997 was \$2,285,000, \$1,558,000, and \$983,000, respectively (See Note 12).

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

<TABLE>
<CAPTION>

Estimated Lives Years)	1999	1998	Useful (In

<S> Equipment.....	<C> \$62,437,000	<C> \$53,739,000	<C> 3
to 5 Buildings.....	34,676,000	28,303,000	25 to
39 Land.....	7,686,000	6,993,000	
N/A Purchased software.....	13,302,000	10,270,000	
3 Furniture and fixtures.....	12,554,000	10,284,000	3
to 5 Leasehold improvements.....	6,400,000	6,791,000	Lease
Term Construction in progress.....	--	3,833,000	
N/A			
	-----	-----	
	137,055,000	120,213,000	
Less: Accumulated depreciation and amortization.....	(71,415,000)	(57,452,000)	
	-----	-----	
Property and Equipment, net.....	\$65,640,000	\$62,761,000	

</TABLE>

38

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.

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 detailed 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 product is released. Capitalized software development costs are amortized on a product-by-product basis using the straight-line method over the estimated economic life of the product or enhancement, which is primarily three to ten years, with a weighted average remaining life of 8.1 years.

Capitalized software development costs consist primarily of salary, consulting, and computer costs incurred to develop new products and enhancements to existing products. During 1999, 1998, and 1997, software development costs of \$1,362,000, \$6,719,000, and \$8,096,000 were capitalized, respectively. Amortization expense was \$1,600,000, \$3,259,000, and \$3,233,000 in 1999, 1998, and 1997, respectively, and is included in Operating and development expense on the accompanying Consolidated Statements of Operations.

Total research and development costs, including capitalized software, were \$42,788,000, \$24,866,000, and \$22,500,000 in 1999, 1998, and 1997, respectively.

Management continually evaluates the recoverability of existing software products, as well as strategies for new software products. The assessment as to the recoverability of existing software products included an evaluation of expected future revenues and cash flows, acceptability of the product in the market, the ability to support the product in a cost-effective manner, and technological enhancements. In the fourth quarter of 1999 and 1998, management determined that certain software products were considered either obsolete or incapable of producing the future cash flows that were originally anticipated. As a result, the Company wrote-off net capitalized software development costs of \$1,204,000 and \$4,832,000 in 1999 and 1998, respectively.

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 year is as follows:

<TABLE>
<CAPTION>

	1999 ----	1998 ----	1997 ----
<S>	<C>	<C>	<C>
Interest paid.....	\$ 2,364,000	\$ 2,598,000	\$ 1,499,000
Interest and dividends received.....	\$ 2,552,000	\$ 1,467,000	\$ 957,000
Income taxes paid (Federal and state).....	\$ 23,175,000	\$ 12,514,000	\$ 8,667,000

</TABLE>

Revenue Recognition - Principal sources of revenues are information processing and software services, management, administration, and distribution of mutual funds, brokerage and consulting services, and other asset management products and services. Revenues from these services are recognized in the periods in which the services are performed. Cash received by the Company in advance of the performance of services is deferred and recognized as revenue when earned.

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Income Taxes - The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Under SFAS 109, the liability method is used for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences reverse (See Note 10).

Foreign Currency Translation - The assets and liabilities of foreign operations are translated into U.S. dollars using the rates of exchange at year end. The results of operations are translated into U.S. dollars at the average daily exchange rates for the period. All foreign currency transaction gains and losses are included in income in the periods in which they occur, and are immaterial for each of the three years in the period ended December 31, 1999.

Earnings Per Share - The Company calculates earnings per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"). Pursuant to SFAS 128, dual presentation of basic and diluted earnings per common share is required on the face of the statements of operations for companies with complex capital structures. Basic earnings per common share is calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflects the potential dilution from the exercise or conversion of securities into common stock, such as stock options.

<TABLE>
<CAPTION>

For the year ended December 31, 1999

Share	Income (Numerator) -----	Shares (Denominator) -----	Per Amount -----
-------	--------------------------------	----------------------------------	------------------------

	<S>	<C>	<C>	<C>
\$3.78	Basic earnings per common share from continuing operations.....	\$67,139,000	17,772,000	
	Dilutive effect of stock options.....	--	1,199,000	
	Diluted earnings per common share from continuing operations.....	\$67,139,000	18,971,000	
\$3.54				

</TABLE>

<TABLE>
<CAPTION>

		For the year ended December 31, 1998		

Share		Income	Shares	Per
		(Numerator)	(Denominator)	Amount
		-----	-----	-----
	<S>	<C>	<C>	<C>
	Basic earnings per common share from continuing operations.....	\$42,979,000	17,827,000	\$2.41
	Dilutive effect of stock options.....	--	1,299,000	
	Diluted earnings per common share from continuing operations.....	\$42,979,000	19,126,000	\$2.25

</TABLE>

<TABLE>
<CAPTION>

		For the year ended December 31, 1997		

Share		Income	Shares	Per
		(Numerator)	(Denominator)	Amount
		-----	-----	-----
	<S>	<C>	<C>	<C>
	Basic earnings per common share from continuing operations.....	\$26,844,000	18,315,000	\$1.47
	Dilutive effect of stock options.....	--	921,000	
	Diluted earnings per common share from continuing operations.....	\$26,844,000	19,236,000	\$1.40

</TABLE>

Options to purchase 370,000, 422,000, and 580,000 shares of common stock, with an average exercise price per share of \$118.50, \$89.43, and \$42.00, were outstanding during 1999, 1998, and 1997, respectively, but were excluded from the diluted earnings per common share calculation because the option's exercise price was greater than the average market price of the Company's common stock.

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Comprehensive Income - In 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 establishes standards for reporting and presentation of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements that is presented with equal prominence as other financial statements. Comprehensive income consists of net income, foreign currency translation adjustments, and unrealized holding gains and losses. The adoption of SFAS 130 had no impact on total shareholders' equity and is presented on the accompanying Consolidated Statements of Shareholders' Equity.

<TABLE>
<CAPTION>

Tax		Pre-Tax	Tax (Expense)	Net of
		Amount	or Benefit	Amount
		-----	-----	-----
	For the Year Ended December 31, 1997:			

	<S>	<C>	<C>	<C>
	Unrealized holding loss arising during period.....	\$ (123)	\$ 48	\$ (75)
	Foreign currency translation adjustments.....	(393)	153	(240)

	----	---	----
Total other comprehensive loss.....	\$(516)	\$201	\$(315)
For the Year Ended December 31, 1998:			

Unrealized holding gains arising during period.....	\$42	\$(16)	\$26
Foreign currency translation adjustments.....	15	(6)	9
	--	---	---
Total other comprehensive income.....	\$57	\$(22)	\$35
For the Year Ended December 31, 1999:			

Unrealized holding gains arising during period.....	\$763	\$(294)	\$469
Foreign currency translation adjustments.....	(99)	38	(61)
	-----	----	----
Total other comprehensive income.....	\$664	\$(256)	\$408

</TABLE>

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.

Recent Pronouncements - In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 provides guidance on applying generally accepted accounting principles to revenue recognition issues in financial statements. The Company is currently evaluating the provisions established in SAB 101 to assess if application of SAB 101 is required in its financial statements.

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Note 2 - Discontinued Operations:

In 1995, the Company's Board of Directors approved a plan of disposal for the SEI Capital Resources Division ("CR"). CR provided investment performance evaluation services, consulting services, and brokerage services to employee benefit plan sponsors and investment advisors in the United States. The results of CR have been reported separately as discontinued operations in the accompanying Consolidated Financial Statements.

In 1996, the Company established a provision to cover all future costs associated with the disposal of CR. This provision included certain estimates relating to future commitments on certain operating leases utilized by CR. These estimates were based upon certain assumptions relating to the sub-leasing of these facilities. In 1998, these sub-lease arrangements were finalized. As a result, the original discontinued operations provision was overstated. Accordingly in 1998, the Company reduced the discontinued operations provision by \$1,154,000, net of tax expense of \$444,000, which is reflected in Income from disposal of discontinued operations on the Consolidated Statements of Operations.

In 1997, the Company entered into a definitive agreement to sell the remaining net assets of CR to a private investment firm. Based upon the terms of the agreement, the Company received a specified amount of cash at closing along with a note that was to be paid in two installments. The total proceeds received equaled the value of CR's remaining net assets and thus no gain or loss was recorded in 1997 as a result of this transaction. Any additional gain would be recorded when payment on the note was received. In 1999, the outstanding balance on the note that was due the Company was in default. The Company accepted an offer of \$2,100,000 as satisfaction for the entire outstanding balance on the note. The Company recognized the entire \$2,100,000, net of tax expense of \$808,000, as a gain which is reflected in Income from disposal of discontinued operations on the Consolidated Statements of Operations.

Note 3 - Receivables:

Receivables on the accompanying Consolidated Balance Sheets consist of the following:

<TABLE>
<CAPTION>

	1999	1998
<S>	<C>	<C>
Trade receivables.....	\$16,339,000	
\$14,586,000		
Fees earned, not received.....	2,304,000	
2,558,000		
Fees earned, not billed.....	16,611,000	
11,975,000		
-		
	35,254,000	
29,119,000		
Less: Allowance for doubtful accounts.....	(1,700,000)	
(1,200,000)		
-		
	\$33,554,000	
\$27,919,000		

</TABLE>

Fees earned, not received represent brokerage commissions earned but not yet collected. Fees earned, not billed represent 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, SIDCO and SIMC, for distribution, investment advisory, and administration services provided by these subsidiaries to various regulated investment companies sponsored by the Company (See Note 12).

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Note 4 - Other Assets:

Other assets on the accompanying Consolidated Balance Sheets consist of the following:

<TABLE>
<CAPTION>

	1999	1998
<S>	<C>	<C>
Investments available for sale.....	\$ 6,704,000	\$ 3,565,000
Investment in unconsolidated affiliate.....	5,305,000	2,573,000
Other, net.....	13,512,000	9,296,000
Other assets.....	\$ 25,521,000	\$ 15,434,000

</TABLE>

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

Investments available for sale at December 31, 1999 had an aggregate cost of \$6,235,000 and an aggregate market value of \$6,704,000, with gross unrealized holding gains of \$469,000. The net unrealized holding gains at December 31, 1999 were \$420,000 (net of income tax expense of \$49,000). Investments available for sale at December 31, 1998 had an aggregate cost of \$3,645,000 and an aggregate market value of \$3,565,000, with gross unrealized holding losses of \$80,000. The net unrealized holding losses at December 31, 1998 were \$49,000 (net of income tax benefit of \$31,000). The net unrealized holding gains and

losses at December 31, 1999 and 1998 were reported as a separate component of Accumulated other comprehensive losses on the accompanying Consolidated Balance Sheets.

Investment in Unconsolidated Affiliate - The Company and three leading academics in the field of finance formed a general partnership, LSV Asset Management ("LSV"). LSV is a registered investment advisor which provides investment advisory services to institutions, including pension plans and investment companies. LSV is currently the portfolio manager for a number of Company-sponsored mutual funds. The Company's interest in LSV for 1999 and 1998 was approximately 47 and 45 percent, respectively. LSV is accounted for using the equity method of accounting. The Company's portion of LSV's net earnings is reflected in Equity in the earnings of unconsolidated affiliate on the accompanying Consolidated Statements of Operations.

The following table contains condensed financial information of LSV:

<TABLE> <CAPTION>		
Condensed Statement of Operations	1999	1998
<S>	<C>	<C>
Revenues.....	\$20,108,000	\$10,810,000
Net income.....	\$14,388,000	\$ 6,637,000

</TABLE>

43

<TABLE> <CAPTION>		
Condensed Balance Sheet	1999	1998
<S>	<C>	<C>
Current assets.....	\$9,459,000	\$6,284,000
Non-current assets.....	131,000	100,000
Total assets.....	\$9,590,000	\$6,384,000
Current liabilities.....	\$ 782,000	\$1,096,000
Partners' capital.....	8,808,000	5,288,000
Total liabilities and partners' capital.....	\$9,590,000	\$6,384,000

</TABLE>

Note 5 - Line of Credit:

The Company has a line of credit agreement (the "Agreement") with its principal lending institution which provides for borrowings of up to \$50,000,000. The Agreement ends on August 31, 2000, at which time the outstanding principal balance, if any, becomes due unless the Agreement is extended. The line of credit, when utilized, accrues interest at the Prime rate or one and one-quarter percent above the London Interbank Offered Rate. The Company is obligated to pay a commitment fee equal to one-quarter of one percent per annum on the average daily unused portion of the commitment. Certain covenants under the Agreement require the Company to maintain specified levels of net worth and place certain restrictions on investments.

There were no borrowings on the Company's line of credit during 1999. The maximum month-end amount of debt outstanding on the Company's line of credit for the year ended December 31, 1998 was \$15,000,000. Interest expense, including commitment fees, on the Company's line of credit was \$79,000, \$127,000, and \$302,000 for the years ended December 31, 1999, 1998, and 1997, respectively. The weighted average interest rate was 5.9 percent and 5.8 percent for the years ended December 31, 1998 and 1997, respectively.

Note 6 - Long-term Debt:

On February 24, 1997, the Company signed a Note Purchase Agreement authorizing the issuance and sale of \$20,000,000 of 7.20% Senior Notes and \$15,000,000 of 7.27% Senior Notes (collectively, the "Notes") in a private offering with certain financial institutions. The Notes are unsecured with final maturities ranging from 10 to 15 years. The proceeds from the Notes were used to repay the outstanding balance on the Company's line of credit at that time. The Note Purchase

Agreement, as amended, contains various covenants, including limitations on indebtedness, maintenance of minimum net worth levels, and restrictions on certain investments. In addition, the agreement limits the Company's ability to merge or consolidate, and to sell certain assets. Principal payments on the Notes are made annually from the date of issuance while interest payments are made semi-annually. The Company paid the next principal payment for \$2,000,000 in February 2000. The carrying amount of the Company's long-term debt approximates its fair value.

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Aggregate maturities of long-term debt at December 31, 1999 are:

2000.....	\$ 2,000,000
2001.....	2,000,000
2002.....	2,000,000
2003.....	4,000,000
2004.....	4,000,000
2005 and thereafter.....	17,000,000

	\$31,000,000

Interest expense relating to the Company's long-term debt was \$2,296,000 and \$2,448,000 for the years ended December 31, 1999 and 1998, respectively.

Note 7 - Shareholders' Equity:

Stock-Based Compensation Plans - The Company has several stock option plans under which non-qualified and incentive stock options for common stock are available for grant to officers, directors, and key employees. The options granted and the option prices are established by the Board of Directors in accordance with the terms of the plans. The Board of Directors has reserved an aggregate 14,605,000 shares for grant under these plans. All options outstanding were granted at prices equal to the fair market value of the stock on the date of grant and expire 10 years after the date of grant. All options granted prior to December 1997 vest ratably over a four year period from the date of grant. All options granted in December 1997 and after vest ratably upon the Company's attainment of specific earnings levels or entirely after seven years from the date of grant.

The Company accounts for its stock option plans in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees". Accordingly, no compensation expense has been recognized. In 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). 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. Had the Company recognized compensation cost for its stock option plans consistent with the provisions of SFAS 123, the Company's net income and earnings per common share would have been reduced to the following pro forma amounts:

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Net income:			
As reported.....	\$68,431	\$43,689	
Pro forma.....	\$55,859	\$37,721	
Basic earnings per common share:			
As reported.....	\$3.85	\$2.45	
Pro forma.....	\$3.14	\$2.12	
Diluted earnings per common share:			
As reported.....	\$3.61	\$2.28	

\$1.40	Pro forma.....	\$2.94	\$1.97
\$1.32			

</TABLE>

Because the SFAS 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of that to be expected in future years.

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The weighted average fair value of the stock options granted during 1999, 1998, and 1997 was \$174.34, \$121.86, and \$59.71, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Risk-free interest rate.....	5.81%	5.34%	6.55%
Expected dividend yield.....	0.30%	1.00%	1.00%
Expected life.....	7 Years	7 Years	7 Years
Expected volatility.....	40.24%	40.19%	37.36%

</TABLE>

Certain information relating to the Company's stock option plans for 1999, 1998, and 1997 is summarized as follows:

<TABLE>
<CAPTION>

	Number of Shares	Weighted Average Exercise Price
<S>	<C>	<C>
Balance as of December 31, 1996.....	3,856,000	14.85
Granted.....	622,000	40.55
Exercised.....	(625,000)	12.83
Expired or canceled.....	(58,000)	22.25
Balance as of December 31, 1997.....	3,795,000	19.27
Granted.....	508,000	84.07
Exercised.....	(964,000)	11.70
Expired or canceled.....	(95,000)	32.49
Balance as of December 31, 1998.....	3,244,000	31.25
Granted.....	432,000	114.91
Exercised.....	(495,000)	13.31
Expired or canceled.....	(31,000)	40.79
Balance as of December 31, 1999.....	3,150,000	\$45.42
Exercisable as of December 31, 1999.....	1,910,000	\$21.61
Available for future grant as of December 31, 1999.....	1,028,000	--

</TABLE>

As of December 31, 1998 and 1997, there were 1,976,000 and 2,725,000 shares exercisable, respectively. The expiration dates for options at December 31, 1999 range from March 8, 2000 to December 20, 2009, with a weighted average remaining contractual life of 6.2 years.

46

The following table summarizes information relating to all options outstanding at December 31, 1999:

<TABLE>
<CAPTION>

Options Outstanding
at December 31, 1999Options Exercisable
at December 31, 1999

Range of Exercise Prices (Per Share)	Number of Shares	Weighted Average Exercise Price (Per Share)	Number of Shares	Weighted Average Exercise Price (Per Share)	Weighted Average Remaining Contractual Life (Years)
<S>	<C>	<C>	<C>	<C>	<C>
\$ 8.00 - \$13.00	456,000	\$ 10.42	456,000	\$ 10.42	1.5
13.75 - 18.50	559,000	16.93	559,000	16.93	4.0
19.50 - 26.25	691,000	22.68	594,000	22.92	5.8
42.00 - 57.00	585,000	43.79	291,000	43.80	8.1
68.75 - 89.75	427,000	88.82	10,000	69.80	9.0
90.75 - 118.50	432,000	114.91	--	--	9.9
	3,150,000		1,910,000		

</TABLE>

Employee Stock Purchase Plan - The Company has an employee stock purchase plan that provides for offerings of common stock to eligible employees at a price equal to 85 percent of the fair market value of the stock at the end of the stock purchase period, as defined. The Company has reserved 1,300,000 shares for issuance under this plan. At December 31, 1999, 786,000 cumulative shares have been issued.

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 \$353,365,000. Through December 31, 1999, a total of 16,191,000 shares at an aggregate cost of \$330,248,000 have been purchased and retired. The Company purchased 688,000 shares at a cost of \$65,970,000 during 1999.

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.

Shareholders' Rights Plan - On December 10, 1998, the Company's Board of Directors adopted a new Shareholder Rights Plan to replace the Shareholder Rights Plan originally adopted in 1988 which expired on December 19, 1998. The Company's Shareholder Rights Plan is designed to deter coercive or unfair takeover tactics and to prevent a person or group from acquiring control of the Company without offering a fair price to all shareholders.

Under the terms of the 1998 Shareholder Rights Plan, all common shareholders of record at the close of business on December 19, 1999 shall receive one Right for each outstanding common share of the Company. Any new common shares issued after December 19, 1999 will receive one Right for each common share. Each Right entitles the registered holder to purchase from the Company one two-thousandths of a share of Series A Junior Participating Preferred Shares, par value \$.05 per share, at an exercise price of \$500 per share. The Rights will become exercisable and trade separately from the Common Stock 10 days following a public announcement that a person or group is the beneficial owner of 20 percent or more of the outstanding Common Shares (the "Stock Acquisition Date"), or the commencement of a tender or exchange offer that would result in such a person or group owning 20 percent or more of the outstanding Common Shares.

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In the event that the Company is involved in a merger or other business combination in which the Company survives and its common stock remains outstanding, the other stockholders will be able to exercise the Rights and buy common stock of the Company having twice the value of the exercise price of the Rights. Additionally, if the Company is involved in certain other mergers where its shares are exchanged or certain major sales of its assets occur, stockholders will be able to purchase the other party's common shares in an amount equal to twice the value of the exercise price of the Rights. Upon the occurrence of any of these events, the Rights will no longer be exercisable into Preferred Shares.

The Rights, which do not have voting rights, will expire on December 19, 2008, and may be redeemed by the Company any time until ten days following the Stock Acquisition Date at a price of \$.01 per Right.

Dividends - On May 18, 1999, the Board of Directors declared a cash

dividend of \$.20 per share on the Company's common stock, which was paid on June 30, 1999, to shareholders of record on June 16, 1999. On December 14, 1999, the Board of Directors declared a cash dividend of \$.20 per share on the Company's common stock, which was paid on January 28, 2000, to shareholders of record on January 7, 2000.

The dividends declared in 1999 and 1998 were \$7,077,000 and \$5,701,000, respectively. The Board of Directors has indicated its intention to pay future dividends on a semiannual basis.

Note 8 - Employee Benefit Plan:

The Company has a tax-qualified defined contribution plan (the "Plan"). The Plan provides retirement benefits, including provisions for early retirement and disability benefits, as well as a tax-deferred savings feature. After satisfying certain requirements, participants are vested in employer contributions at the time the contributions are made. All Company contributions are discretionary and are made from available profits. The Company contributed \$1,774,000, \$1,471,000, and \$1,412,000 to the Plan in 1999, 1998, and 1997, respectively.

Note 9 - Commitments and Contingencies:

The Company has entered into various operating leases for facilities, data processing equipment, and software. Some of these leases contain escalation clauses for increased taxes and operating expenses. Rent expense was \$11,166,000, \$14,142,000, and \$16,192,000 in 1999, 1998, and 1997, respectively.

Aggregate noncancellable minimum lease commitments at December 31, 1999 are:

2000.....	\$ 7,275,000
2001.....	6,090,000
2002.....	2,689,000
2003.....	2,122,000
2004.....	877,000
2005 and thereafter.....	722,000

	\$19,775,000

In the normal course of business, the Company is party to various claims and legal proceedings. Although the ultimate outcome of these matters is presently not determinable, management, after consultation with legal counsel, does not believe that the resolution of these matters will have a material adverse effect upon the Company's financial position or results of operations.

Note 10 - Income Taxes:

Income taxes from continuing operations consist of the following:

<TABLE>
<CAPTION>

Year Ended December 31,	1999	1998	1997

<S>	<C>	<C>	<C>
Current			
Federal.....	\$42,144,000	\$28,841,000	\$15,544,000
State.....	3,369,000	1,671,000	726,000
	-----	-----	-----
	45,513,000	30,512,000	16,270,000
	-----	-----	-----
Deferred, including current deferred			
Federal.....	(2,577,000)	(3,020,000)	607,000
State.....	(906,000)	(588,000)	286,000
	-----	-----	-----
	(3,483,000)	(3,608,000)	893,000
	-----	-----	-----

Total income taxes from continuing operations.....	\$42,030,000	\$26,904,000	\$17,163,000
--	--------------	--------------	--------------

</TABLE>

The effective income tax rate from continuing operations differs from the Federal income tax statutory rate due to the following:

<TABLE>
<CAPTION>

Year Ended December 31,	1999	1998	1997
<S>	<C>	<C>	<C>
Statutory rate.....	35.0%	35.0%	35.0%
State taxes, net of Federal tax benefit.....	1.4	1.0	1.3
Foreign losses.....	1.5	3.2	1.2
Other, net.....	0.6	(0.7)	1.5
	-----	-----	-----
	38.5%	38.5%	39.0%

</TABLE>

Deferred income taxes for 1999, 1998, and 1997 reflect the impact of "temporary differences" between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. Principal items comprising the deferred income tax provision (benefit) from continuing operations are as follows:

<TABLE>
<CAPTION>

Year Ended December 31,	1999	1998	
1997			
<S>	<C>	<C>	<C>
Difference in financial reporting and income tax depreciation methods.....	\$ (62,000)	\$ 385,000	\$
996,000 Reserves not currently deductible.....	(11,000)	1,000,000	
(73,000) Capitalized software currently deductible for tax purposes, net of amortization.....	(504,000)	(674,000)	
1,662,000 State deferred income taxes.....	(589,000)	(382,000)	
186,000 Revenue and expense recognized in different periods for financial reporting and income tax purposes.....	(2,064,000)	(2,722,000)	
(1,508,000) Other, net.....	(253,000)	(1,215,000)	
(370,000)	-----	-----	-----
	\$ (3,483,000)	\$ (3,608,000)	\$
893,000			

</TABLE>

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The net deferred income tax asset is comprised of the following:

<TABLE>
<CAPTION>

Year Ended December 31,	1999	1998
<S>	<C>	<C>
Current deferred income taxes:		
Gross assets.....	\$10,934,000	\$7,598,000
Gross liabilities.....	--	--
	-----	-----
	10,934,000	7,598,000
	-----	-----

Long-term deferred income taxes:

Gross assets.....	34,000	116,000
Gross liabilities.....	(6,893,000)	(7,409,000)
	-----	-----
	(6,859,000)	(7,293,000)
	-----	-----
Net deferred income tax asset.....	\$ 4,075,000	\$ 305,000

</TABLE>

The Company did not record any valuation allowance against deferred tax assets at December 31, 1999 and 1998.

The tax effect of significant temporary differences representing deferred tax assets (liabilities) is as follows:

<TABLE>
<CAPTION>

Year Ended December 31,	1999	1998
<S>	<C>	<C>
Difference in financial reporting and income tax depreciation methods.....	\$ 256,000	\$ (119,000)
Reserves not currently deductible.....	1,052,000	853,000
Capitalized software currently deductible for tax purposes, net of amortization.....	(6,706,000)	(7,288,000)
State deferred income taxes.....	(215,000)	173,000
Revenue and expense recognized in different periods for financial reporting and income tax purposes.....	9,708,000	6,572,000
Unrealized holding gain on investments.....	(20,000)	114,000
	-----	-----
	\$ 4,075,000	\$ 305,000

</TABLE>

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Note 11 - Segment Information:

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131"). SFAS 131 establishes standards for the way public business enterprises report financial information about operating segments in financial statements. SFAS 131 also requires additional disclosures about product and services, geographic areas, and major customers. The Company adopted SFAS 131 in its December 31, 1998 financial statements. All prior period segment information has been restated to conform with the provisions of SFAS 131.

The Company is organized around its four primary business lines: Technology Services, Asset Management, Mutual Fund Services, and Investments in New Business. Each segment offers different products and services that utilize different technology and marketing techniques. The information in the following tables is derived directly from the segments' internal financial reporting used for corporate management purposes. The accounting policies of the reportable segments are the same as those described in Note 1. The Company evaluates financial performance of its operating segments based on income from continuing operations before income taxes.

Technology Services includes the Company's TRUST 3000 product line and trust operations outsourcing. Asset Management provides investment solutions through various investment products and services distributed directly or through professional investment advisors, financial planners, and other financial intermediaries to institutional or high-net-worth markets. Mutual Fund Services provides administration and distribution services to proprietary mutual funds created for banks, insurance firms, and investment management companies. Investments in New Business consists of the Company's Canadian and international operations which provides investment advisory services globally through investment products and services and performance evaluation and consulting services to Canadian pension plans.

The following tables highlight certain financial information from continuing operations about each of the Company's segments for the years ended December 31, 1999, 1998, and 1997:

<TABLE>
<CAPTION>

Mutual Investments

Total	1999	Technology Services	Asset Management	Fund Services	In New Business	Other	
	<S>	<C>	<C>	<C>	<C>	<C>	<C>
\$456,192,000	Revenues.....	\$184,759,000	\$138,365,000	\$110,083,000	\$ 22,985,000		
\$102,494,000	Operating income (loss)....	\$ 61,022,000	\$ 40,185,000	\$ 24,221,000	\$ (10,636,000)	\$ (12,298,000)	
6,675,000	Other income, net..						\$
\$109,169,000	Income from continuing operations before income taxes.....						
15,793,000	Depreciation and amortization.....	\$ 11,100,000	\$ 2,218,000	\$ 1,309,000	\$ 778,000	\$ 388,000	\$
17,254,000	Capital expenditures.....	\$ 12,047,000	\$ 2,377,000	\$ 547,000	\$ 878,000	\$ 1,405,000	\$
\$253,779,000	Total assets.....	\$ 88,870,000	\$ 29,803,000	\$ 23,446,000	\$ 28,619,000	\$ 83,041,000	

<TABLE>
<CAPTION>

Total	1998	Technology Services	Asset Management	Mutual Fund Services	Investments In New Business	Other	
\$366,119,000	<S> Revenues.....	<C> \$167,484,000	<C> \$90,056,000	<C> \$95,136,000	<C> \$ 13,443,000	<C>	<C>
67,885,000	Operating income (loss)....	\$ 46,793,000	\$19,881,000	\$24,993,000	\$ (10,319,000)	\$ (13,463,000)	\$
1,998,000	Other income, net..						\$
69,883,000	Income from continuing operations before income taxes.....						\$
	Depreciation and						

15,688,000	amortization.....	\$ 10,468,000	\$ 1,954,000	\$ 1,576,000	\$ 899,000	\$ 791,000	\$
-----		-----	-----	-----	-----	-----	---
21,774,000	Capital expenditures.....	\$ 16,999,000	\$ 2,469,000	\$ 772,000	\$ 763,000	\$ 771,000	\$
-----		-----	-----	-----	-----	-----	---
\$208,772,000	Total assets.....	\$ 96,856,000	\$23,084,000	\$17,362,000	\$ 15,427,000	\$ 56,043,000	
-----		-----	-----	-----	-----	-----	---

<CAPTION>

Total	1997	Technology Services	Asset Management	Mutual Fund Services	Investments In New Business	Other	
\$292,749,000	<S> Revenues.....	<C> \$129,525,000	<C> \$61,871,000	<C> \$83,157,000	<C> \$14,439,000	<C> \$ 3,757,000	<C>
-----		-----	-----	-----	-----	-----	---
45,512,000	Operating income (loss).....	\$ 37,146,000	\$ 3,281,000	\$23,858,000	\$ (5,799,000)	\$ (12,974,000)	\$
-----		-----	-----	-----	-----	-----	---
(1,505,000)	Other expense, net..						\$
-----							---
44,007,000	Income from continuing operations before income taxes.....						\$
-----							---
14,068,000	Depreciation and amortization.....	\$ 8,634,000	\$ 1,791,000	\$ 1,883,000	\$ 1,021,000	\$ 739,000	\$
-----		-----	-----	-----	-----	-----	---
12,955,000	Capital expenditures.....	\$ 9,465,000	\$ 1,636,000	\$ 600,000	\$ 225,000	\$ 1,029,000	\$
-----		-----	-----	-----	-----	-----	---
\$168,884,000	Total assets.....	\$ 89,471,000	\$17,464,000	\$15,559,000	\$29,994,000	\$ 16,396,000	
-----		-----	-----	-----	-----	-----	---

</TABLE>

Other consists of expenses and assets attributable to corporate overhead groups that are not allocated to the operating segments for internal financial reporting purposes. Other in 1997 also consists of the revenues, expenses, and assets of LSV, which are not allocated to any operating segment. Unallocated assets primarily consist of cash and cash equivalents, deferred tax assets, the investment in and assets of LSV, and certain other shared services assets.

The following table presents the details of other income (expense):

	1997	1999	1998
<TABLE> <CAPTION> For the Year Ended December 31,			

	<S>	<C>	<C>	<C>
Equity in the earnings of unconsolidated affiliate.....		\$ 6,765,000	\$ 3,015,000	\$
Interest income.....		2,285,000	1,558,000	
Interest expense.....		(2,375,000)	(2,575,000)	
		-----	-----	---
		\$ 6,675,000	\$ 1,998,000	
	\$ (1,505,000)			

</TABLE>

The following table presents revenues by country based on the location of the use of the product or services:

	<S>	<C>	<C>	<C>
For the Year Ended December 31,		1999	1998	
1997		-----	-----	-----
United States.....	\$277,655,000	\$429,517,000	\$350,729,000	
International Operations.....	15,094,000	26,675,000	15,390,000	
		-----	-----	-----
		\$456,192,000	\$366,119,000	
	\$292,749,000			

</TABLE>

The following table presents assets based on its location:

	<S>	<C>	<C>	<C>
For the Year Ended December 31,		1999	1998	
1997		-----	-----	-----
United States.....	\$141,652,000	\$231,620,000	\$193,133,000	
International Operations.....	27,232,000	22,159,000	15,639,000	
		-----	-----	-----
		\$253,779,000	\$208,772,000	
	\$168,884,000			

</TABLE>

Note 12 - Related Party Transactions:

SIMC, either by itself or through its wholly owned subsidiaries, is a party to Investment Advisory and Administration Agreements with several regulated investment companies ("RICs"), which are administered by the Company. Shares of the RICs are offered to clients of the Company and its subsidiaries. Under the Investment Advisory and Administration Agreements, SIMC receives a fee for providing investment advisory, administrative, and accounting services to the RICs. The investment advisory and administration fee is a fixed percentage of the average daily net asset value of each RIC, subject to certain limitations. Investment advisory and administration fees received by the Company totaled \$196,608,000, \$152,076,000, and \$119,606,000 in 1999, 1998, and 1997, respectively. SIDCO is a party to Distribution Agreements with several RICs, which are advised and/or administered by SIMC. SIDCO receives a fee from the RICs for providing distribution services pursuant to the provisions of various Rule 12b-1 Plans adopted by the

RICs. These distribution fees totaled \$25,883,000, \$15,480,000, and \$7,269,000 in 1999, 1998, and 1997, respectively.

Note 13 - Quarterly Financial Data (Unaudited):

<TABLE>
<CAPTION>

	For the Three Months Ended				
	1999	March 31	June 30	Sept. 30	Dec. 31
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$104,318,000	\$111,622,000	\$117,199,000		
\$123,053,000					
Income from continuing operations before income taxes.....	\$ 24,697,000	\$ 26,234,000	\$ 28,845,000	\$	\$
29,393,000					
Income from continuing operations.....	\$ 15,189,000	\$ 16,134,000	\$ 17,740,000	\$	\$
18,076,000					
Net income.....	\$ 15,189,000	\$ 16,134,000	\$ 17,740,000	\$	\$
19,368,000 (a)					
Basic earnings per common share from continuing operations.....	\$.85	\$.91	\$ 1.00	\$	\$
1.02					
Basic earnings per common share.....	\$.85	\$.91	\$ 1.00	\$	\$
1.09 (a)					
Diluted earnings per common share from continuing operations.....	\$.79	\$.85	\$.94	\$	\$
.96					
Diluted earnings per common share.....	\$.79	\$.85	\$.94	\$	\$
1.03 (a)					

</TABLE>

(a) Includes income from disposal of discontinued operations of \$1,292,000 or \$.07 basic earnings per common share and \$.07 diluted earnings per common share (See Note 2).

<TABLE>
<CAPTION>

	For the Three Months Ended				
	1998	March 31	June 30	Sept. 30	Dec. 31
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$81,871,000	\$85,499,000	\$90,492,000		
\$108,257,000					
Income from continuing operations before income taxes.....	\$12,458,000	\$15,709,000	\$18,546,000	\$	\$
23,170,000					
Income from continuing operations.....	\$ 7,597,000	\$ 9,585,000	\$11,551,000	\$	\$
14,246,000					
Net income.....	\$ 7,597,000	\$ 9,585,000	\$11,551,000	\$	\$
14,956,000 (a)					
Basic earnings per common share from continuing operations.....	\$.43	\$.54	\$.64	\$	\$
.80					
Basic earnings per common share.....	\$.43	\$.54	\$.64	\$	\$
.84 (a)					
Diluted earnings per common share from continuing operations.....	\$.40	\$.50	\$.60	\$	\$
.75					
Diluted earnings per common share.....	\$.40	\$.50	\$.60	\$	\$
.79 (a)					

</TABLE>

(a) Includes income from disposal of discontinued operations of \$710,000 or \$.04 basic earnings per common share and \$.04 diluted earnings per common share (See Note 2).

SEI INVESTMENTS COMPANY AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 1999

<TABLE>
<CAPTION>

Balance at End Year	Description	Balance at Beginning of Year	Additions		(Deductions)	of
			Charged to Costs and Expenses	Charged to Other Accounts		
<S>		<C>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 1997:						
	Allowance for doubtful accounts \$1,200,000	\$1,350,000	\$ --	\$ --	\$ (150,000)	
=====						
For the Year Ended December 31, 1998:						
	Allowance for doubtful accounts \$1,200,000	\$1,200,000	\$ --	\$ --	\$ --	
=====						
For the Year Ended December 31, 1999:						
	Allowance for doubtful accounts \$1,700,000	\$1,200,000	\$ 500,000	\$ --	\$ --	
=====						

</TABLE>

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Item 9. Changes in and disagreements with Accountants on Accounting and
Financial Disclosure.

None.

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PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required by this item concerning directors is hereby incorporated by reference to the Company's definitive proxy statement for its 2000 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 1999 pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "2000 Proxy Statement").

The executive officers of the Company are as follows:

ALFRED P. WEST, JR., 57, has been the Chairman of the Board of Directors and Chief Executive Officer of the Company since its inception in 1968. Mr. West was President from June 1979 to August 1990.

CARMEN V. ROMEO, 56, has been an Executive Vice President since December 1985. Mr. Romeo has been a Director since June 1979. Mr. Romeo was Treasurer and Chief Financial Officer from June 1979 to September 1996.

RICHARD B. LIEB, 52, has been an Executive Vice President since October 1990, and a Director since May 1995.

CARL A. GUARINO, 42, has been an Executive Vice President since March 2000 and a Senior Vice President since April 1988, and was General Counsel from April 1988 to January 1994.

EDWARD D. LOUGHLIN, 49, has been an Executive Vice President since January 1994 and a Senior Vice President since January 1988.

DENNIS J. MCGONIGLE, 39, has been an Executive Vice President since July 1996. Mr. McGonigle has been a Senior Vice President since January 1994 and a Vice President since January 1991.

WAYNE M. WITHROW, 44, has been an Executive Vice President and Chief Information Officer since March 2000. Mr. Withrow has been a Senior Vice President since January 1994.

KEVIN P. ROBINS, 38, has been a Senior Vice President since January 1994 and a Vice President since January 1992. Mr. Robins was General Counsel from January 1994 to March 2000.

TODD B. CIPPERMAN, 34, has been a Senior Vice President and General Counsel since March 2000 and a Vice President since May 1995.

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Item 11. Executive Compensation.

The information called for in this item is hereby incorporated by reference to the 2000 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information called for in this item is hereby incorporated by reference to the 2000 Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

The information called for in this item is hereby incorporated by reference to the 2000 Proxy Statement.

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PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

- (a) 1 and 2. Financial Statements and Financial Statement Schedules. The following is a list of the Consolidated Financial Statements of the Company and its subsidiaries and supplementary data filed as part of Item 8 hereof:

Report of Independent Public Accountants
Consolidated Balance Sheets -- December 31, 1999 and 1998
Consolidated Statements of Operations -- For the years ended December 31, 1999, 1998, and 1997
Consolidated Statements of Shareholders' Equity -- For the years ended December 31, 1999, 1998, and 1997
Consolidated Statements of Cash Flows -- For the years ended December 31, 1999, 1998, and 1997
Notes to Consolidated Financial Statements
Schedule II -- Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

3. Exhibits, Including Those Incorporated by Reference. The exhibits to this Report are listed on the accompanying index to exhibits and are incorporated herein by reference or are filed as part of this annual report on Form 10-K.

- (b) Reports on Form 8-K. No reports on Form 8-K were filed by the Company during the quarter ended December 31, 1999.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEI INVESTMENTS COMPANY

Date March 29, 2000

By /s/ Kathy Heilig

Kathy Heilig
Vice President and Controller
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on dates indicated.

Date March 29, 2000

By /s/ Alfred P. West, Jr.

Alfred P. West, Jr.
Chairman of the Board,
Chief Executive Officer,
and Director

Date March 29, 2000

By /s/ Carmen V. Romeo

Carmen V. Romeo
Executive Vice President and
Director

Date March 29, 2000

By /s/ Richard B. Lieb

Richard B. Lieb
Executive Vice President and
Director

Date March 29, 2000

By /s/ Henry H. Greer

Henry H. Greer
Director

Date March 29, 2000

By /s/ William M. Doran

William M. Doran
Director

Date March 29, 2000

By /s/ Henry H. Porter, Jr.

Henry H. Porter, Jr.
Director

Date March 29, 2000

By /s/ Kathryn M. McCarthy

Kathryn M. McCarthy
Director

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EXHIBIT INDEX

The following is a list of exhibits filed as part of this annual report on Form 10-K. For exhibits incorporated by reference, the location of the exhibit in the previous filing is indicated in parentheses.

- 3.1 Articles of Incorporation of the Registrant as amended on January 21, 1983. (Incorporated by reference to exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1982.)
- 3.1.2 Amendment to Articles of Incorporation of the Registrant, dated May 21, 1992. (Incorporated by reference to exhibit 3.1.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.)
- 3.1.3 Amendment to Articles of Incorporation of the Registrant, dated May 26, 1994. (Incorporated by reference to exhibit 3.1.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1994.)
- 3.1.4 Amendment to Articles of Incorporation of the Registrant, dated November 21, 1996. (Incorporated by reference to exhibit 3.1.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
- 3.2 By-Laws. (Incorporated by reference to exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1983.)
- 3.2.1 Amendment to By-Laws, dated December 19, 1988. (Incorporated by reference to exhibit 3.2.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.)

- 3.2.2 Amendment to By-Laws, dated July 12, 1990. (Incorporated by reference to exhibit 3.2.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990.)
- 4.1 Form of Certificate for Shares of Common Stock. (Incorporated by reference to exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.)
- 4.2 Rights Agreement dated December 10, 1998. (Incorporated by reference to exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.)

Note: Exhibits 10.1 through 10.9 constitute the management contracts and executive compensatory plans or arrangements in which certain of the directors and executive officers of the Registrant participate.

- 10.1 Stock Option Plan, Amended, Restated and Renewed as of February 11, 1997. (Incorporated by reference to exhibit 99(a) to the Registrant's Registration Statement on Form S-8 (No. 333-63709) filed September 18, 1998.)
 - 10.1.1 1997 Stock Option Plan. (Incorporated by reference to exhibit 99(b) to the Registrant's Registration Statement on Form S-8 (No. 333-63709) filed September 18, 1998.)
 - 10.1.2 1997 Option Share Deferral Plan. (Incorporated by reference to exhibit 99(c) to the Registrant's Registration Statement on Form S-8 (No. 333-63709) filed September 18, 1998.)
 - 10.1.3 1998 Equity Compensation Plan. (Incorporated by reference to exhibit 99(f) to the Registrant's Registration Statement on Form S-8 (No. 333-63709) filed September 18, 1998.)
 - 10.1.4* First Amendment to the 1998 Equity Compensation Plan (Page 64).
- 10.2 Employee Stock Ownership Plan. (Incorporated by reference to exhibit 10.3 (b) to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1985.)
- 10.3 Employee Stock Purchase Plan, Amended and Restated as of May 8, 1991. (Incorporated by reference to exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991.)
 - 10.3.1 Employee Stock Purchase Plan as Amended and Restated on October 15, 1997. (Incorporated by reference to exhibit 99(e) to the Registrant's Registration Statement on Form S-8 (No. 333-63709) filed September 18, 1998.)
- 10.4 SEI Capital Accumulation Plan. (Incorporated by reference to exhibit 99(e) to the Registrant's Registration Statement on Form S-8 (No. 333-41343) filed December 2, 1997.)
- 10.5 Stock Option Plan for Non-Employee Directors. (Incorporated by reference to exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988.)
 - 10.5.1 Amendment 1997-1 to the Stock Option Plan for Non-Employee Directors. (Incorporated by reference to exhibit 10.5.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.)
 - 10.5.2 1997 Option Share Deferral Plan for Non-Employee Directors. (Incorporated by reference to exhibit 99(d) to the Registrant's Registration Statement on Form S-8 (No. 333-63709) filed September 18, 1998.)

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- 10.6 Employment Agreement, dated May 25, 1979, between Alfred P. West, Jr. and the Registrant. (Incorporated by reference to exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.)
- 10.7 Employment Agreement, dated January 21, 1987, between Gilbert L. Beebower and the Registrant. (Incorporated by reference to exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.)
- 10.8.1 Employment Agreement, dated July 1, 1987, between Richard B. Lieb and the Registrant. (Incorporated by reference to exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.)
- 10.8.2 Stock Option Agreement, dated February 23, 1989, between Richard B. Lieb and a subsidiary of the Registrant, as amended. (Incorporated by reference to exhibit 10.8.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.)
- 10.9 Summary of Company Bonus Plan for Senior Management. (Incorporated by reference to exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993.)
- 10.11 Directors and Officers Liability Insurance Policy. (Incorporated by reference to exhibit 10.9 to the Registrant's Registration Statement on Form S-8 (No.2-78133) filed June 25, 1982.)
- 10.12 Lease Agreement, dated as of January 1, 1990, between The Canada Life Assurance Company and the Registrant. (Incorporated by reference to exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990.)

- 10.13 Lease Agreement, dated as of May 1, 1991, between Two North Riverside Plaza Joint Venture and the Registrant. (Incorporated by reference to exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991.)
- 10.14 Credit Agreement, dated May 31, 1992, between Provident National Bank and the Registrant, as amended. (Incorporated by reference to exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.)
- 10.14.1 Second Modification Agreement to the Credit Agreement, dated April 19, 1993, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993.)
- 10.14.2 Third Modification Agreement to the Credit Agreement, dated May 31, 1993, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1993.)
- 10.14.3 Fourth Modification Agreement to the Credit Agreement, dated March 14, 1994, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1994.)
- 10.14.4 Fifth Modification Agreement to the Credit Agreement, dated May 31, 1994, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1994.)
- 10.14.5 Sixth Modification Agreement to the Credit Agreement, dated May 5, 1995, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.)
- 10.14.6 Seventh Modification Agreement to the Credit Agreement, dated June 15, 1995, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.)
- 10.14.7 Eighth Modification Agreement to the Credit Agreement, dated October 19, 1995, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995.)
- 10.14.8 Ninth Modification Agreement to the Credit Agreement, dated March 31, 1996, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)

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- 10.14.9 Tenth Modification Agreement to the Credit Agreement, dated May 31, 1996, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.9 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
- 10.14.10 Eleventh Modification Agreement to the Credit Agreement, dated October 1, 1996, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
- 10.14.11 Release and Modification Agreement to the Credit Agreement, dated February 20, 1997, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.11 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
- 10.14.12 Thirteenth Modification Agreement to the Credit Agreement, dated May 30, 1997, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.12 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.)
- 10.14.13 Fourteenth Modification Agreement to the Credit Agreement, dated December 31, 1997, between PNC Bank, National Association,

- successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.13 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997.)
- 10.14.14 Fifteenth Modification Agreement to the Credit Agreement, dated March 31, 1998, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.14 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.)
- 10.14.15 Sixteenth Modification Agreement to the Credit Agreement, dated May 29, 1998, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.15 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.)
- 10.14.16 Seventeenth Modification Agreement to the Credit Agreement, dated September 29, 1998, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Incorporated by reference to exhibit 10.14.16 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.)
- 10.14.17* Eighteenth Modification Agreement to the Credit Agreement, dated November 18, 1999, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Page 66)
- 10.14.18* Nineteenth Modification Agreement to the Credit Agreement, dated December 30, 1999, between PNC Bank, National Association, successor by merger to Provident National Bank, and the Registrant. (Page 70)
- 10.15 Pledge Agreement, dated May 31, 1992, between Provident National Bank and the Registrant. (Incorporated by reference to exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.)
- 10.16 Master Lease Agreement, dated December 29, 1989, between Varilease Corporation and the Registrant, as amended. (Incorporated by reference to exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.)
- 10.17 Note Purchase Agreement, dated as of February 24, 1997, with respect to the issuance by the Registrant of \$20,000,000 7.20% Senior Notes, Series A, due February 24, 2007, and \$15,000,000 7.27% Senior Notes, Series B, due February 24, 2012. (Incorporated by reference to exhibit 10.17 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.)
- 10.17.1 First Amendment, dated December 15, 1998, to Note Purchase Agreement, dated February 24, 1997. (Incorporated by reference to exhibit 10.17.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1998.)
- 21* Subsidiaries of the Registrant. (Page 73)
- 23* Consent of Independent Public Accountants. (Page 75)
- 27* Financial Data Schedule
- 99* Miscellaneous exhibits. (Page 77)

* Filed herewith as an exhibit to this Form 10-K.

SEI INVESTMENTS COMPANY

BOARD OF DIRECTORS RESOLUTIONS

WHEREAS, the SEI Investments Company, a Pennsylvania corporation (the "Company"), maintains the SEI Investments Company 1998 Equity Compensation Plan (the "Plan") for the benefit of its eligible employees, certain consultants and advisors who perform services for the Company, and non-employee members of the Company's Board of Directors;

WHEREAS, the Board of Directors of the Company (the "Board") determined at its December 20, 1999 Board meeting to amend the Plan to provide the Board with the discretion to reduce the number of shares of the Company's common stock ("Company Stock") that are subject to the annual grant of nonqualified stock options to non-employee directors of the Company; and

WHEREAS, pursuant to section 16(a) of the Plan provides that, the Board may amend the Plan at any time.

NOW, THEREFORE, in accordance with the foregoing, the Plan shall be amended as follows:

The following sentence shall be added to the end of Section 6(b) of the Plan:

"Notwithstanding the foregoing, effective for annual grants made in 1999 and thereafter, the Board, in its sole discretion, may reduce the number of shares of Company Stock subject to the annual Nonqualified Stock Option grants made to the Non-Employee Directors, pursuant to this Section 6(b), at anytime prior to the grant."

IN WITNESS WHEREOF, and as evidence of the adoption of Amendment 1999-1 set forth herein, the Board of Directors has caused this Amendment to be executed this 9th day of March 2000.

SEI INVESTMENTS COMPANY

EIGHTEENTH MODIFICATION AGREEMENT

THIS AGREEMENT is made as of the 18th day of November, 1999, and is effective as of September 1, 1999, by and among PNC BANK, NATIONAL ASSOCIATION, successor by merger to Provident National Bank, a national banking association with offices at 1600 Market Street, Philadelphia, Pennsylvania 19103 (the "Bank"), and COMPANY (formerly SEI Corporation), a Pennsylvania corporation (the "Borrower").

BACKGROUND

Bank and Borrower have entered into a Credit Agreement effective as of May 31, 1992 as amended by a Waiver and First Modification Agreement between Bank and Borrower dated as of September 30, 1992, a Second Modification Agreement between Bank and Borrower dated as of April 19, 1993, a Third Modification Agreement between Bank and Borrower dated as of May 31, 1993, a Fourth Modification Agreement between Bank and Borrower dated as of March 14, 1994, a Fifth Modification Agreement dated as of May 31, 1994, a Sixth Modification Agreement dated as of May 5, 1995, a Seventh Modification Agreement effective as of May 31, 1995, an Eighth Modification Agreement dated October 19, 1995, a Ninth Modification Agreement dated March 31, 1996 a Tenth Modification Agreement dated as of May 31, 1996, an Eleventh Modification Agreement dated October 1, 1996, a Release and Modification Agreement dated February 20, 1997, a Thirteenth Modification Agreement dated May 30, 1997, a Fourteenth Modification Agreement dated as of December 31, 1997, a Fifteenth Modification Agreement dated as of March 31, 1998, a Sixteenth Modification Agreement dated as of May 29, 1998 and a Seventeenth Modification Agreement dated as of February, 1999 (as so amended, the "Credit Agreement") pursuant to which Bank agreed to make up to \$50,000,000 in loans (the "Loans") to Borrower. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Credit Agreement. The Loans are evidenced by Borrower's note originally dated May 31, 1992 and amended and restated September 30, 1992, May 31, 1996 and October 1, 1996 (the "Note") in the principal amount of \$50,000,000.

The Borrower and Bank have agreed to extend the Termination Date, as contemplated by the Credit Agreement, and to agree to certain other modifications to the Credit Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

AGREEMENT

1. Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

2. Amendments to Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) As contemplated by Section 9.15 of the Credit the Termination Date and the date on which the Credit Commitment shall expire and the Credit Period shall end is hereby extended to August 31, 2000.

(b) Section 2.2 of the Credit Agreement is hereby amended by changing the Commitment Fee rate from "1/10% per annum" to one-quarter of one percent (1/4%) per annum"

(c) Section 3.3(b) of the Credit Agreement is hereby amended to change the interest rate spread over the Eurodollar Rate from "three-tenths of one percent (.30%)" to "one and one-quarter percent (1.25%)".

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(d) A new representation is hereby added to the Credit Agreement as Section 5.14, which shall read in full as follows:

"5.14. The Company has reviewed the areas within its business and operations which could be adversely affected

by, and has developed or is developing a program to address on a timely basis the risk that certain computer applications used by the Company may be unable to recognize and perform properly date-sensitive functions involving dates prior to and after December 31, 1999 (the "Year 2000 Problem"). The Year 2000 Problem will not result, and is not reasonably expected to result, in any material adverse effect on the business, properties, assets, financial condition, results of operations or prospects of the Company, or the ability of the Company to duly and punctually pay or perform its obligations hereunder and the other Loan Documents."

3. Loan Documents. Except where the context clearly requires otherwise,

all references to the Credit Agreement in the Note or any other document delivered to Bank in connection therewith shall be to the Credit Agreement as amended by this Agreement.

4. Borrower's Ratification. Borrower agrees that it has no defenses or

set-offs against the Bank, its officers, directors, employees, agents or attorneys with respect to the Note or the Credit Agreement, all of which are in full force and effect and shall remain in full force and effect unless and until modified or amended in writing in accordance with their terms. Borrower hereby ratifies and confirms its obligations under the Note and the Credit Agreement and agrees that the execution and the delivery of this Agreement does not in any way diminish or invalidate any of its obligations thereunder.

5. Representations and Warranties. Borrower hereby certifies that:

(a) except as otherwise previously disclosed to Bank in any manner whatsoever, the representations and warranties made in the Credit Agreement are true and correct as of the date hereof.

(b) no Event of Default under the Note or the Credit Agreement and no event which with the passage of time or the giving of notice or both could become an Event of Default, exists on the date hereof; and

(c) this Agreement has been duly authorized, executed and delivered so as to constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

All of the above representations and warranties shall survive the making of this Agreement.

6. No Waiver. This Agreement does not and shall not be deemed to

constitute a waiver by Bank of any Event of Default under the Note or Credit Agreement, or of any event which with the passage of time or the giving of notice or both would constitute an Event of Default, nor does it obligate Bank to agree to any further modifications of the terms of the Credit Agreement or constitute a waiver of any of Bank's other rights or remedies.

7. Miscellaneous.

(a) All terms, conditions, provisions and covenants in the Note, the Credit Agreement, and all other documents delivered to Bank in connection therewith shall remain unaltered and in full force and effect except as modified or amended hereby. To the extent that any term or provision of this Agreement is or may be deemed expressly inconsistent with any term or provision in the Credit Agreement, the Note or any other document executed in connection therewith, the terms and provisions hereof shall control.

(b) This Agreement shall be governed by and construed according to the laws of the Commonwealth of Pennsylvania.

(c) This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns and may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BORROWER

(formerly SEI Corporation)

Attest: /s/ Todd Cipperman

Title: Vice President

By: /s/ Kathy Heilig

Title: Controller and Treasurer

BANK

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Forrest B. Patterson, Jr.

Title: Vice President

NINETEENTH MODIFICATION AGREEMENT

THIS AGREEMENT is made as of the 30th day of December, 1999, by and among PNC BANK, NATIONAL ASSOCIATION, successor by merger to Provident National Bank, a national banking association with offices at 1600 Market Street, Philadelphia, Pennsylvania 19103 (the "Bank"), and SEI INVESTMENTS COMPANY (formerly SEI Corporation), a Pennsylvania corporation (the "Borrower").

BACKGROUND

Bank and Borrower have entered into a Credit Agreement effective as of May 31, 1992 as amended by a Waiver and First Modification Agreement between Bank and Borrower dated as of September 30, 1992, a Second Modification Agreement between Bank and Borrower dated as of April 19, 1993, a Third Modification Agreement between Bank and Borrower dated as of May 31, 1993, a Fourth Modification Agreement between Bank and Borrower dated as of March 14, 1994, a Fifth Modification Agreement dated as of May 31, 1994, a Sixth Modification Agreement dated as of May 5, 1995, a Seventh Modification Agreement effective as of May 31, 1995, an Eighth Modification Agreement dated October 19, 1995, a Ninth Modification Agreement dated March 31, 1996 a Tenth Modification Agreement dated as of May 31, 1996, an Eleventh Modification Agreement dated October 1, 1996, a Release and Modification Agreement dated February 20, 1997, a Thirteenth Modification Agreement dated May 30, 1997, a Fourteenth Modification Agreement dated as of December 31, 1997, a Fifteenth Modification Agreement dated as of March 31, 1998, a Sixteenth Modification Agreement dated as of May 29, 1998, a Seventeenth Modification Agreement dated as of February, 1999 and an Eighteenth Modification Agreement effective as of September 1, 1999 (as so amended, the "Credit Agreement") pursuant to which Bank agreed to make up to \$50,000,000 in loans (the "Loans") to Borrower. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Credit Agreement. The Loans are evidenced by Borrower's note originally dated May 31, 1992 and amended and restated September 30, 1992, May 31, 1996 and October 1, 1996 (the "Note") in the principal amount of \$50,000,000.

The Borrower and Bank have agreed to extend the Termination Date, as contemplated by the Credit Agreement, and to agree to certain other modifications to the Credit Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

AGREEMENT

1. Terms. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

2. Amendments to Credit Agreement. The Credit Agreement is hereby amended by amending and restating Section 7.10(g) thereof to read in full as follows:

"(g) Purchases by the Company of its common stock (to be retired by the Company) of up to an aggregate consideration of \$350,000,000 (cumulatively since the institution of its stock repurchase program), less the consideration paid by the Company for the purchase of its common stock as of the date hereof,"

3. Loan Documents. Except where the context clearly requires otherwise, all references to the Credit Agreement in the Note or any other document delivered to Bank in connection therewith shall be to the Credit Agreement as amended by this Agreement.

4. Borrower's Ratification. Borrower agrees that it has no defenses or set-offs against the Bank, its officers, directors, employees, agents or attorneys with respect to the Note or the Credit Agreement, all of which are in full force and effect and shall remain in full force and effect unless and until modified or amended in writing in accordance with their terms. Borrower hereby ratifies and confirms its obligations under the Note and the Credit Agreement and agrees that the execution and the delivery of this Agreement does not in any way diminish or invalidate any of its obligations thereunder.

5. Representations and Warranties. Borrower hereby certifies that:

(a) except as otherwise previously disclosed to Bank in any manner whatsoever, the representations and warranties made in the Credit Agreement are true and correct as of the date hereof.

(b) no Event of Default under the Note or the Credit Agreement and no event which with the passage of time or the giving of notice or both could become an Event of Default, exists on the date hereof; and

(c) this Agreement has been duly authorized, executed and delivered so as to constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms.

All of the above representations and warranties shall survive the making of this Agreement.

6. No Waiver. This Agreement does not and shall not be deemed to

constitute a waiver by Bank of any Event of Default under the Note or Credit Agreement, or of any event which with the passage of time or the giving of notice or both would constitute an Event of Default, nor does it obligate Bank to agree to any further modifications of the terms of the Credit Agreement or constitute a waiver of any of Bank's other rights or remedies.

7. Miscellaneous.

(a) All terms, conditions, provisions and covenants in the Note, the Credit Agreement, and all other documents delivered to Bank in connection therewith shall remain unaltered and in full force and effect except as modified or amended hereby. To the extent that any term or provision of this Agreement is or may be deemed expressly inconsistent with any term or provision in the Credit Agreement, the Note or any other document executed in connection therewith, the terms and provisions hereof shall control.

(b) This Agreement shall be governed by and construed according to the laws of the Commonwealth of Pennsylvania.

(c) This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns and may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BORROWER

[SEAL]

SEI INVESTMENTS COMPANY
(formerly SEI Corporation)

Attest: /s/ Todd Cipperman

By: /s/ Kathy Heilig

Title: Vice President

Title: Controller and Treasurer

BANK

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Forrest B. Patterson, Jr.

Title: Vice President

SUBSIDIARIES OF THE REGISTRANT

NAME -----	JURISDICTION OF ORGANIZATION OR INCORPORATION -----
SEI Investments Distribution Company	Pennsylvania
SEI Investments Management Corporation	Delaware
SEI, Inc.	Canada (Federal)
SEI Capital Limited	Canada (Federal)
SEI Investments Developments, Inc.	Delaware
SEI Investments Mutual Funds Services	Delaware
SEI Investments Fund Management	Delaware
SEI Trust Company	Pennsylvania
SEI Funds, Inc.	Delaware
SEI Investments, Inc.	Delaware
SEI Global Investments Corporation	Delaware
SEI Capital AG	Switzerland
SEI Investments Canada Company	Canada (Federal)
SEI Advanced Capital Management, Inc.	Delaware
SEI Global Capital Investments, Inc.	Delaware
SEI Investments Global Management (Cayman) Inc.	Cayman Islands, B. W. I.
SEI Investments Global, Limited	Ireland
Fund Resources International Limited	Ireland
SEI Investments Argentina, S. A.	Argentina
SEI Global Holdings Inc.	Cayman Islands, B. W. I.
Latinvest Sociedad de Bolsa, S. A.	Argentina
Quadrum, S. A.	Argentina
SEI Investments de Mexico	Mexico
SEI Asset Korea	South Korea
SEI Investments Europe Limited	United Kingdom

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

To SEI Investments Company:

As independent public accountants, we hereby consent to the incorporation of our report, included in this Form 10-K, into the Company's previously filed Registration Statements File No. 2-73997, File No. 2-75629, File No. 2-78133, File No. 2-80841, File No. 2-89659, File No. 33-19952, File No. 33-24595, File No. 33-41602, File No. 333-41343, and File No. 333-63709.

ARTHUR ANDERSEN LLP

Philadelphia, Pa.,
March 29, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM (IDENTIFY SPECIFIC FINANCIAL STATEMENTS) AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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The undertaking set forth below is filed for purposes of incorporation by reference into Part II of the registration statements on Form S-8, File No. 2-73997, File No. 2-75629, File No. 2-78133, File No. 2-80841, File No. 2-89659, File No. 33-19952, File No. 33-24595, File No. 33-41602, File No. 333-41343, and File No. 333-63709.

Item 9. Undertakings.

- (a) The undersigned registrant hereby undertakes:

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to directors, officers or persons controlling the registrant pursuant to the provisions described in this registration statement, or otherwise, SEI Investments Company (the "Company") has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.