

TRANSACTION SYSTEMS ARCHITECTS REPORTS

FIRST QUARTER RESULTS

(Omaha, Neb.--January 25, 1996) --Transaction Systems Architects, Inc. (Nasdaq:TSAI), a leading supplier of software for electronic payments and electronic commerce, reported revenues of \$34.1 million for the first quarter of fiscal 1996 ending December 31, 1995, an increase of 31.8 percent over the same quarter last year.

Operating income was \$4.1 million for the quarter compared to an operating income of \$198 thousand in the same quarter last year. Operating income on a pro forma basis (excluding acquisition-related charges) was \$5.0 million for the quarter, an increase of 43.6 percent over the same quarter last year.

The company reported net income of \$2.9 million, \$.22 per share (fully diluted), for the current quarter compared to a net loss of \$1.4 million, a loss of \$.13 per share (fully diluted), in the first quarter 1995. Net income on a pro forma basis in the first quarter was \$3.4 million, \$.26 per share, an increase of 58.2 percent over the same quarter last year.

Acquisition-related charges were incurred in the company's leveraged buy-out (LBO) of Applied Communications, Inc. in December 1993 and U.S. Software, Inc. in January 1994 and include amortization expense on intangible assets, a one-time charge for purchased research and development, interest expense on LBO indebtedness, and a one-time extraordinary charge for the early retirement of the balance of the LBO debt.

The total of these charges to operations was \$838 thousand in the current quarter compared to \$3.3 million in the same quarter last year. Of the total \$51.0 million originally assigned to intangible assets in the LBO purchase price allocation, approximately \$4.8 million remains to be amortized.

The company finished the quarter with \$86.1 million in backlog consisting of \$28.8 million in non-recurring revenue sources and \$57.3 million in recurring revenues. Non-recurring revenues are composed of fees specified in software and services contracts the company expects to recognize in the next 12 months. Recurring revenues include all monthly license fees, maintenance fees and facilities management fees that the company expects to recognize over the next 12 months.

Cash flow from operating activities was \$4.3 million for the first quarter of 1996. The cash balance on hand at the end of December 1995 was \$34.1 million.

"Fiscal 1996 is off to a good start for us." said William E. Fisher. President

and Chief Executive Officer of Transaction Systems Architects, Inc. "Our financial performance in the first quarter was solid and we completed the acquisition of M.R. GmbH, a software company located in Germany. M.R. GmbH will extend our presence in that country which is home to some of the world's largest banks.

"In addition, we have extended the terms of our distribution agreement with Insession, Inc. Insession is the developer of ICE, a systems software tool that facilitates connectivity between Tandem and IBM computers. The new agreement also provides Insession with a loan and gives Transaction Systems Architects a minority interest in their company."

Transaction Systems Architects, Inc. is the parent company of Applied Communications, Inc. and U.S. Software, Inc. The company's software facilitates electronic commerce by providing consumers and companies access to their money. Transaction Systems' products are used to process transactions involving credit cards, debit cards, smart cards, home banking services, checks, wire transfers as well as automated clearing and settlement. Transaction Systems' solutions are used on more than 1,000 systems in 60 countries on six continents.

FINANCIAL HIGHLIGHTS FOLLOW

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	December 31, 1995	September 30, 1995
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 34,102	\$ 35,507
Receivables, net	39,437	39,589
Other	3,389	3,697
 Total current assets	 76,928	 78,793
 Property and equipment, net	 10,880	 9,513
Software, net	5,882	5,908
Intangible asset, net	5,080	2,027
Installment receivables	638	1,505
Other	3,248	2,396
 Total assets	 \$ 102,656	 \$ 100,142
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 742	\$ -
Current portion of capital lease obligations	424	456
Accounts payable	6,092	4,949
Accrued employee compensation	3,447	4,564
Accrued liabilities	6,750	7,407
Income taxes	2,618	3,264
Deferred revenue	18,140	19,487
 Total current liabilities	 38,213	 40,127

Long-term debt	1,460	-
Capital lease obligations	221	318
Total liabilities	39,894	40,445
Class A Common Stock	56	56
Class B Common Stock	7	7
Additional paid-in capital	92,836	92,641
Accumulated translation adjustments	(356)	(354)
Accumulated deficit	(29,769)	(32,641)
Treasury stock, at cost	(12)	(12)
Total stockholders' equity	62,762	59,697
Total liabilities and stockholders' equity	\$ 102,656	\$ 100,142