

TRANSACTION SYSTEMS ARCHITECTS REPORTS

SECOND QUARTER AND FIRST HALF RESULTS

(Omaha, Neb.--April 25, 1996) --Transaction Systems Architects, Inc. (Nasdaq:TSAI), a leading supplier of software for electronic payments and electronic commerce, reported revenues of \$36.5 million for the second quarter of fiscal 1996 ending March 31, 1996, an increase of 35.9 percent over the same quarter last year.

Operating income was \$4.6 million for the quarter compared to an operating income of \$2.1 million in the same quarter last year. Operating income on a pro forma basis (excluding acquisition-related charges) was \$5.5 million for the quarter, an increase of 49.9 percent over the same quarter last year.

The company reported net income of \$3.0 million, \$.23 per share, for the quarter compared to a net loss of \$458 thousand, a loss of \$.04 per share, in the second quarter of 1995. Net income on a pro forma basis in the current quarter was \$3.7 million, \$.28 per share, an increase of 49.8 percent over the same quarter last year.

For the six months ended March 31, 1996, revenues were \$70.6 million, an increase of 33.9 percent over the same period last year. Operating income was \$8.8 million compared to an operating income of \$2.3 million last year. Operating income on a pro forma basis was \$10.4 million, an increase of 46.8 percent over the prior year.

Year-to-date the company has net income of \$5.9 million, \$.44 per share, compared to a net loss of \$1.8 million, a loss of \$.17 per share, for the first six months of last year. Net income on a pro forma basis for the first half of 1996 was \$7.1 million, \$.54 per share, an increase of 53.7 percent over the prior 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 \$843 thousand in the current quarter compared to \$1.5 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 \$4.0 million remains to be amortized.

The company finished the quarter with \$90.1 million in backlog consisting of

\$30.0 million in non-recurring revenues and \$60.1 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 \$2.4 million for the second quarter of fiscal 1996. Year to date cash flow from operating activities totals \$6.7 million. The cash balance on hand at the end of March 1996 was \$28.9 million.

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 63 countries on six continents.

FINANCIAL HIGHLIGHTS FOLLOW

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

| | March 31 1996 (unaudited) | September 30, 1995 |
|---------------------------------|---------------------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 28,874 | \$ 35,507 |
| Receivables, net | 41,096 | 39,589 |
| Other | 3,766 | 3,697 |
| Total current assets | 73,736 | 78,793 |
| Property and equipment, net | 10,879 | 9,513 |
| Software, net | 5,345 | 5,908 |
| Intangible assets, net | 5,029 | 2,027 |
| Installment receivables | 657 | 1,505 |
| Notes receivable | 6,000 | 500 |
| Other | 4,024 | 1,896 |
| Total assets | \$ 105,670 | \$ 100,142 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|--|--------|-------|
| Current liabilities: | | |
| Current portion of long-term debt | \$ 730 | \$ - |
| Current portion of capital lease obligations | 392 | 456 |
| Accounts payable | 6,000 | 4,949 |
| Accrued employee compensation | 3,515 | 4,564 |
| Accrued liabilities | 6,488 | 7,407 |
| Income taxes | 2,501 | 3,264 |

| | | |
|--|------------|------------|
| Deferred revenue | 18,387 | 19,487 |
| Total current liabilities | 38,013 | 40,127 |
| Long-term debt | 1,419 | - |
| Capital lease obligations | 146 | 318 |
| Total liabilities | 39,578 | 40,445 |
| Stockholders' equity: | | |
| Class A Common Stock | 56 | 56 |
| Class B Common Stock | 7 | 7 |
| Additional paid-in capital | 93,153 | 92,641 |
| Accumulated translation adjustments | (350) | (354) |
| Accumulated deficit | (26,762) | (32,641) |
| Treasury stock, at cost | (12) | (12) |
| Total stockholders' equity | 66,092 | 59,697 |
| Total liabilities and stockholders' equity | \$ 105,670 | \$ 100,142 |

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands, except per share amounts)

| | Three Months Ended March 31, | | Six Months Ended March 31, | |
|--|---------------------------------|------------|-------------------------------|------------|
| | 1996 | 1995 | 1996 | 1995 |
| Revenues: | | | | |
| Software license fees | \$ 18,783 | \$ 13,106 | \$ 35,761 | \$ 25,487 |
| Maintenance fees | 8,375 | 7,247 | 16,764 | 14,037 |
| Services | 8,233 | 5,437 | 15,735 | 11,093 |
| Hardware, net | 1,063 | 1,033 | 2,302 | 2,083 |
| Total revenues | 36,454 | 26,823 | 70,562 | 52,700 |
| Expenses: | | | | |
| Cost of software license fees: | | | | |
| Software costs | 4,682 | 2,825 | 8,431 | 6,109 |
| Amortization of purchased software | 785 | 790 | 1,573 | 1,582 |
| Purchased contracts in progress | - | 631 | - | 2,956 |
| Cost of maintenance and services | 8,880 | 6,334 | 17,087 | 12,349 |
| Research and development | 3,899 | 2,728 | 7,377 | 5,196 |
| Selling and marketing | 7,544 | 6,784 | 15,659 | 12,973 |
| General and administrative: | | | | |
| General and administrative costs | 5,878 | 4,499 | 11,374 | 8,964 |
| Amortization of goodwill and purchased intangibles | 145 | 103 | 295 | 244 |
| Total expenses | 31,813 | 24,694 | 61,796 | 50,373 |
| Operating income | 4,641 | 2,129 | 8,766 | 2,327 |

| | | | | |
|--|----------|-----------|----------|------------|
| Other income (expense): | | | | |
| Interest income | 568 | 185 | 1,136 | 334 |
| Interest expense | (73) | (695) | (106) | (1,647) |
| Other | (51) | 148 | (81) | 41 |
| Total other | 444 | (362) | 949 | (1,272) |
| Income before income taxes | 5,085 | 1,767 | 9,715 | 1,055 |
| (Provision) benefit for income taxes | (2,078) | 525 | (3,836) | (116) |
| Income before extraordinary loss | 3,007 | 2,292 | 5,879 | 939 |
| Extraordinary loss related to early retirement of debt | - | (2,750) | - | (2,750) |
| Net income (loss) | \$ 3,007 | \$ (458) | \$ 5,879 | \$ (1,811) |
| Net income (loss) per common and equivalent share: | | | | |
| Before extraordinary loss | \$ 0.23 | \$ 0.22 | \$ 0.44 | \$ 0.09 |
| Extraordinary loss | - | (0.26) | - | (0.26) |
| Net income (loss) | \$ 0.23 | \$ (0.04) | \$ 0.44 | \$ (0.17) |
| Weighted average shares outstanding | 13,322 | 10,653 | 13,293 | 10,378 |