

TRANSACTION SYSTEMS ARCHITECTS REPORTS

SECOND QUARTER AND FIRST HALF RESULTS

(Omaha, Neb.--April 24, 1997)-- Transaction Systems Architects, Inc. (Nasdaq:TSAI), a leading supplier of software for electronic payments, reported revenues of \$51.1 million for the second quarter of fiscal 1997 ending March 31, 1997, an increase of 36 percent over the same quarter last year. Operating income was \$8.5 million for the current quarter as compared to \$4.7 million in the same quarter last year. Operating income for the second quarter of 1996 included acquisition-related charges from the company's 1993 leveraged buyout totaling \$800 thousand. Without these charges, operating income on a pro forma basis was \$5.5 million in the second quarter of 1996. Compared to 1996 pro forma operating income, the current quarter increase over last year was 53 percent.

The company reported net income of \$5.1 million, \$.19 per share for the current quarter compared to \$3.0 million, \$.11 cents per share in the same quarter last year. Net income and earnings per share on a pro forma basis for the second quarter of 1996 was \$3.7 million, \$.14 per share. Compared to pro forma net income and earnings per share in 1996, the current quarter increase was 37 percent.

For the six months ended March 31, 1997, revenues were \$98.8 million, compared to \$73.1 million last year, an increase of 35 percent.

Operating income was \$15.3 million for the first six months of the current year as compared to \$8.9 million in the same six months last year. Operating income for the first six months of 1997 included acquisition-related charges from the company's 1993 leveraged buyout totaling \$800 thousand. Without these charges, operating income on a pro forma basis was \$16.1 million for the first six months of 1997. Operating income for the first six months of 1996 included acquisition-related charges from the company's 1993 leveraged buyout totaling \$1.7 million. Without these charges, operating income on a pro forma basis was \$10.6 million for the first six months of 1996. On a comparable pro forma basis, operating income increased 53 percent in the first six months of the current year compared to last year.

Net income for the first six months of the current year was \$8.9 million, \$.33 per share compared to \$6.0 million, \$.22 cents per share for the same period last year. On a pro forma basis, net income and earnings per share for the first six months of the current year was \$9.7 million, \$.36 per share compared to pro forma net income and earnings per share for 1996 of \$7.1 million, \$.27 per share. The increase in net income this year on a comparable pro forma basis was 35 percent.

The company completed the quarter with \$118 million in backlog consisting of \$39 million in non-recurring revenue and \$79 million in recurring revenue. Backlog increased \$28 million, a 31 percent increase compared to March 31, 1996. 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 \$8.0 million for the second quarter of fiscal year 1997. Year-to-date cash flow from operating activities totals \$11.1 million. The cash balance on hand at the end of March 1997 was \$38.1 million.

"The shift from paper to electronic payments continues to drive TSA's success," said David C. Russell, Senior Vice President of Transaction Systems Architects and President of Applied Communications, Inc. "Our financial metrics for the quarter were solid with record revenues, earnings and backlog. Strong revenue growth has allowed targeted investments in international expansion and new product research and development."

"In addition, we recently announced the definitive agreement to acquire Regency Voice Systems, Inc. which will expand TSA's customer base to another tier of financial institutions."

Transaction Systems Architects software facilitates electronic payments by providing consumers and companies access to their money. Its products are used to process transactions involving credit cards, debit cards, smart cards, remote banking services, checks, and wire transfers as well as automated clearing and settlement. Transaction Systems' solutions are used on more than 1,500 product systems in 67 countries on six continents.

FINANCIAL HIGHLIGHTS FOLLOW

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

	<u>Three Months Ended March 31,</u>		<u>Six Months Ended</u> <u>March 31,</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Revenues:				
Software license fees	\$ 29,200	\$ 19,018	\$ 54,451	\$ 36,235
Maintenance fees	10,009	8,412	19,970	16,821
Services	11,148	9,169	23,025	17,787
Hardware, net	<u>784</u>	<u>1,063</u>	<u>1,337</u>	<u>2,302</u>
Total revenues	<u>51,141</u>	<u>37,662</u>	<u>98,783</u>	<u>73,145</u>
Expenses:				
Cost of software license fees:				
Software costs	6,213	4,871	11,610	8,776
Amortization of purchased software	0	785	801	1,573
Cost of maintenance and services	12,019	9,437	24,492	18,208
Research and development	4,475	3,788	8,430	7,325
Selling and marketing	11,523	7,864	21,805	16,268
General and administrative:				
General and administrative costs	8,205	6,079	15,871	11,774
Amortization of goodwill and purchased intangibles	<u>237</u>	<u>145</u>	<u>454</u>	<u>295</u>
Total expenses	<u>42,672</u>	<u>32,969</u>	<u>83,463</u>	<u>64,219</u>
Operating income	<u>8,469</u>	<u>4,693</u>	<u>15,320</u>	<u>8,926</u>
Other income (expense):				
Interest income	488	568	915	1,136
Interest expense	(24)	(51)	(82)	(81)
Other	<u>(227)</u>	<u>(84)</u>	<u>(544)</u>	<u>(128)</u>
Total other	<u>237</u>	<u>433</u>	<u>289</u>	<u>927</u>

Income before income taxes		8,706		5,126		15,609		9,853
Provision for income taxes		<u>(3,625)</u>		<u>(2,095)</u>		<u>(6,723)</u>		<u>(3,893)</u>
Net income	\$	<u>5,081</u>	\$	<u>3,031</u>	\$	<u>8,886</u>	\$	<u>5,960</u>
Net income per common and equivalent share	\$	<u>0.19</u>	\$	<u>0.11</u>	\$	<u>0.33</u>	\$	<u>0.22</u>
Weighted average shares outstanding		<u>26,977</u>		<u>27,024</u>		<u>26,988</u>		<u>26,966</u>

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

	<u>March 31,</u>	<u>September</u>
	<u>1997</u>	<u>30,</u>
		<u>1996</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,153	\$ 31,546
Billed receivables, net	38,017	29,851
Accrued receivables	22,875	19,284
Deferred income taxes	1,710	1,671
Other	<u>1,595</u>	<u>1,010</u>
Total current assets	102,350	83,362
Property and equipment, net	14,027	13,001
Software, net	5,297	5,424
Intangible assets, net	8,860	7,236
Installment receivables	1,210	1,593
Investments and notes receivable	6,494	8,105
Other	<u>2,388</u>	<u>1,761</u>
Total assets	\$ <u>140,626</u>	\$ <u>120,482</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	\$ 779	\$ 1,147
Current portion of capital lease obligations	285	342
Accounts payable	7,346	8,322
Accrued employee compensation	3,036	5,210

Accrued liabilities	9,533	7,631
Income taxes	2,888	1,706
Deferred revenue	<u>25,243</u>	<u>17,987</u>
Total current liabilities	49,110	42,345
Long-term debt	1,480	1,431
Capital lease obligations	<u>280</u>	<u>256</u>
Total liabilities	<u>50,870</u>	<u>44,032</u>
Stockholders' equity:		
Class A Common Stock	120	119
Class B Common Stock	11	11
Additional paid-in capital	100,350	96,062
Accumulated translation adjustments	71	(236)
Accumulated deficit	(10,784)	(19,494)
Treasury stock, at cost	<u>(12)</u>	<u>(12)</u>
Total stockholders' equity	<u>89,756</u>	<u>76,450</u>
Total liabilities and stockholders' equity	\$ <u>140,626</u>	\$ <u>120,482</u>