

## TRANSACTION SYSTEMS ARCHITECTS, INC.

### REPORTS THIRD QUARTER RESULTS

**(Omaha, Neb.--July 25, 1996)** -- Transaction Systems Architects, Inc. (Nasdaq:TSAI), a leading supplier of software for electronic payments and electronic commerce, reported revenues of \$39.9 million for the third quarter of fiscal 1996 ending June 30, 1996, an increase of 37.1 percent over the same quarter last year.

Operating income on a pro forma basis (excluding acquisition-related charges) was \$6.2 million for the quarter, an increase of 51.6 percent over the same quarter last year. Operating income (including acquisition-related charges) was \$5.4 million for the quarter compared to an operating income of \$3.2 million in the same quarter last year.

Net income on a pro forma basis (excluding acquisition-related charges) in the current quarter was \$4.0 million, \$.15 per share (adjusted to reflect two-for-one stock split on July 1, 1996), an increase of 47.7 percent over the same quarter last year. Net income (including acquisition-related charges) was \$3.3 million, \$.12 per share (adjusted to reflect stock split), for the quarter compared to a net income of \$2.8 million, \$.12 per share (adjusted to reflect stock split), in the third quarter of 1995.

The acquisition-related charges excluded from the pro forma calculations 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, 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 \$833 thousand in the current quarter compared to \$842 thousand in the same quarter last year. Of the total \$51.0 million originally assigned to intangible assets in the LBO purchase price allocation, approximately \$3.1 million remains to be amortized.

For the nine months ended June 30, 1996, revenues were \$110.5 million, an increase of 35.0 percent over the same nine months last year. Operating income on a pro forma basis (excluding acquisition-related charges) was \$16.6 million, an increase of 48.6 percent over the prior year. Operating income (including acquisition-related charges) was \$14.1 million compared to an operating income of \$5.6 million during the first nine months of last year.

Net income on a pro forma basis (excluding acquisition-related charges) for the first nine months of 1996 was \$11.1 million. \$.42 per share (adjusted to

reflect stock split), an increase of 51.5 percent over the same period last year. Net income (including acquisition-related charges) was \$9.1 million, \$.34 per share (adjusted to reflect stock split), compared to a net income of \$1.0 million, \$.05 per share (adjusted to reflect stock split), for the same nine months last year.

The company finished the quarter with \$96.0 million in backlog consisting of \$31.0 million in non-recurring revenues and \$65.0 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.

"Our operations continue to demonstrate strong growth in revenues, operating margin and net income," said William E. Fisher, chairman, chief executive officer and president of Transaction Systems Architects. "In addition, during the quarter we completed the acquisition of TXN Solutions Integrators giving us a direct presence in Canada where we have a number of large banking customers."

Fisher noted that the company had a negative cash flow from operating activities for the third quarter of fiscal 1996 totaling \$614 thousand. "We are a company whose customer base is composed primarily of large financial institutions located around the world," said Fisher. "The cash flow for the quarter reflects a significant growth in the accounts receivable generated by that customer base and we believe this is a matter of timing not the quality of the accounts."

Year-to-date cash flow from operating activities totals \$6.1 million. The cash balance on hand at the end of June 1996 was \$22.9 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. Its 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.