

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1996

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 0-25346

TRANSACTION SYSTEMS ARCHITECTS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

47-0772104
(I.R.S. Employer
Identification No.)

330 South 108th Avenue
Omaha, Nebraska 68154
(Address of principal executive offices, including zip code)

(402) 390-7600
(Registrant's telephone number, including area code)

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 the number of shares outstanding of each of the issuers classes of
common stock as of the latest practicable date:

11,194,289 shares of Class A Common Stock at April 26, 1996
1,485,626 shares of Class B Common Stock at April 26, 1996

TRANSACTION SYSTEMS ARCHITECTS, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1996
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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
Investment and notes receivable	7,500	500
Other	2,524	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
	=====	=====

See notes to condensed consolidated financial statements.

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)
	-----	-----	-----	-----
Net income before extraordinary loss	3,007	2,292	5,879	939
Extraordinary loss	-	(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
	=====	=====	=====	=====

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED MARCH 31, 1996
(UNAUDITED AND IN THOUSANDS)

	Class A Common Stock -----	Class B Common Stock -----	Additional Paid-in Capital -----	Accumulated Translation Adjustments -----	Accumulated Deficit -----	Treasury Stock -----	Total -----
Balance, September 30, 1995	\$ 56	\$ 7	\$ 92,641	\$ (354)	\$ (32,641)	\$ (12)	\$59,697
Exercise of stock options			512				512
Net Income					5,879		5,879
Translation adjustments				4			4
Balance, March 31, 1996	\$ 56 =====	\$ 7 =====	\$ 93,153 =====	\$ (350) =====	\$ (26,762) =====	\$ (12) =====	\$66,092 =====

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEM ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED AND IN THOUSANDS)

Six Months Ended March 31,

	1996	1995
Cash flows from operating activities:		
Net income (loss)	\$ 5,879	\$ (1,811)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	2,004	1,907
Amortization	2,717	2,659
Extraordinary loss	-	2,750
(Increase) decrease in receivables, net	(1,300)	1,521
Decrease in contracts in progress	-	2,956
(Increase) decrease in other current assets	431	(166)
Decrease in installment receivables	848	437
Increase in other assets	(1,104)	(1,568)
Increase (decrease) in accounts payable	1,038	(2,126)
Decrease in accrued employee compensation	(1,016)	(1,101)
Increase (decrease) in accrued liabilities	(1,195)	1,117
Decrease in income tax liabilities	(729)	-
Increase (decrease) in deferred revenue	(900)	1,195
	-----	-----
Net cash provided by operating activities	6,673	7,770
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment	(3,277)	(2,003)
Additions to software	(1,487)	(702)
Acquisition of businesses, net of cash acquired	(1,690)	-
Additions to investment and notes receivable	(7,001)	-
	-----	-----
Net cash used in investing activities	(13,455)	(2,705)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of Preferred Stock	-	143
Proceeds from issuance of Class B Common Stock and Warrants		1,754
Proceeds from issuance of Class A Common Stock		32,252
Payment of Preferred Stock Dividends		(1,825)
Purchase of Treasury Stock		(12)
Proceeds from exercise of stock options	512	-
Proceeds from long-term debt	-	2,750
Payments of long-term debt	-	(29,750)
Payments on capital lease obligations	(237)	(261)
	-----	-----
Net cash provided by financing activities	275	5,051
Effect of exchange rate fluctuations on cash	(126)	19
	-----	-----
Net increase (decrease) in cash and cash equivalents	(6,633)	10,135
Cash and cash equivalents, beginning of period	35,507	3,505
	-----	-----
Cash and cash equivalents, end of period	\$ 28,874	\$ 13,640
	=====	=====
Supplemental cash flow information:		
Income taxes paid	\$ 4,549	\$ 828
Interest paid	\$ 106	\$ 1,636

Supplemental disclosure of noncash investing and financing activities:
In October 1995, the Company acquired the capital stock of M.R. GmbH, for \$1,500 cash and \$1,900 of debt. In connection with the acquisition, liabilities of \$1,200 were assumed.

See notes to condensed consolidated financial statements.

TRANSACTION SYSTEMS ARCHITECTS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Transaction Systems Architects, Inc. (TSA or the Company) was formed on November 2, 1993 for the purpose of acquiring all of the outstanding capital stock of Applied Communications, Inc. (ACI) and Applied Communications Inc Limited (ACIL). The Company did not have substantive operations prior to the acquisition of ACI and ACIL. On January 3, 1994, the Company acquired U.S. Software, Inc. (USSI).

The condensed consolidated financial statements at March 31, 1996 and for the three and six months then ended are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations, contained in the Company's Form 10-K for the fiscal year ended September 30, 1995. The results of operations for the six months ended March 31, 1996 are not necessarily indicative of the results for the entire fiscal year ending September 30, 1996.

2. NET INCOME (LOSS) PER COMMON AND EQUIVALENT SHARE

Net income (loss) per common and equivalent share is based on the weighted average number of common equivalent shares outstanding during each period. Common equivalent shares include Redeemable Preferred Stock and Redeemable Convertible Class B Common Stock and Warrants. Pursuant to Securities and Exchange Commission Staff Accounting Bulletin No. 83, all shares and options issued since inception (November 2, 1993) have been treated as if they were outstanding for all periods prior to December 31, 1994, including periods in which the effect is antidilutive. For periods subsequent to December 31, 1994, net income (loss) per common and common equivalent share is determined by dividing net income (loss) by the weighted average number of shares of common stock and dilutive common equivalent shares outstanding during each period using the treasury stock method.

3. PUBLIC OFFERINGS

The Company completed an initial public offering in March 1995. The Company sold 2,412,500 shares of Class A Common Stock at a price of \$15 per share resulting in net proceeds to the Company, after deducting the underwriting discount and offering expenses, of approximately \$32.3 million.

In August 1995, the Company completed the issuance of an additional 1,000,000 shares of Class A Common Stock through a public offering, resulting in net proceeds to the Company, after deducting the underwriting discount and offering expenses, of approximately \$22.4 million.

The Company used a portion of the March 1995 initial public offering proceeds to repay all outstanding bank indebtedness.

4. ACQUISITION

On October 2, 1995, the Company acquired the capital stock of M.R. GmbH, a German software company, for \$3.4 million. The acquisition was accounted for under the purchase method and was financed with existing cash and future payments to the sellers.

The long-term debt on the accompanying condensed consolidated balance sheet consists of future payments payable to the former owners of M.R. GmbH. The debt is non-interest bearing and is payable in installments of \$745,000 in December 1996, \$745,000 in December 1997 and \$367,000 in December 1998.

5. INVESTMENT AND NOTES RECEIVABLE

In January 1996, the Company entered into a transaction with Insession, Inc. (Insession) whereby the Company loaned Insession \$3.5 million under a promissory note and acquired a 7.5% minority interest in Insession for \$1.5 million. The promissory note bears an interest rate of prime plus 0.25% and is payable in January 1999 (\$1.0 million), January 2000 (\$1.0 million) and January 2001 (\$1.5 million) and is secured by future royalties owed by the Company to Insession.

The Company has a \$2.5 million note receivable from a start-up transaction processing business. The note bears an interest rate of prime plus 1.0% and is payable in quarterly installments of \$250,000 commencing in June 1997. The note is secured primarily by computer equipment and accounts receivable.

TRANSACTION SYSTEMS ARCHITECTS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth certain financial data and the percentage of total revenues of the company for the periods indicated:

	Three Months Ended March 31,				Six Months Ended March 31,			
	1996		1995		1996		1995	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
Revenues:								
Software license fees	\$18,783	51.5 %	\$13,106	48.9 %	\$35,761	50.7 %	\$25,487	48.4 %
Maintenance fees	8,375	23.0	7,247	27.0	16,764	23.8	14,037	26.6
Services	8,233	22.6	5,437	20.3	15,735	22.3	11,093	21.0
Hardware, net	1,063	2.9	1,033	3.9	2,302	3.3	2,083	4.0
Total revenues	36,454	100.0	26,823	100.0	70,562	100.0	52,700	100.0
Expenses:								
Cost of software license fees:								
Software costs	4,682	12.8	2,825	10.5	8,431	11.9	6,109	11.6
Amortization of purchased software	785	2.2	790	2.9	1,573	2.2	1,582	3.0
Purchased contracts in progress	-	-	631	2.4	-	-	2,956	5.6
Cost of maintenance and services	8,880	24.4	6,334	23.6	17,087	24.2	12,349	23.4
Research and development	3,899	10.7	2,728	10.2	7,377	10.5	5,196	9.9
Selling and marketing	7,544	20.7	6,784	25.3	15,659	22.2	12,973	24.6
General and administrative:								
General and administrative costs	5,878	16.1	4,499	16.8	11,374	16.1	8,964	17.0
Amortization of goodwill and purchased intangibles	145	0.4	103	0.4	295	0.4	244	0.5
Total expenses	31,813	87.3	24,694	92.1	61,796	87.6	50,373	95.6
Operating income	4,641	12.7	2,129	7.9	8,766	12.4	2,327	4.4
Other income (expense):								
Interest income	568	1.6	185	0.7	1,136	1.6	334	0.6
Interest expense	(73)	(0.2)	(695)	(2.6)	(106)	(0.2)	(1,647)	(3.1)
Other	(51)	(0.1)	148	0.6	(81)	(0.1)	41	0.1
Total other	444	1.2	(362)	(1.3)	949	1.3	(1,272)	(2.4)
Income before income taxes	5,085	13.9	1,767	6.6	9,715	13.8	1,055	2.0
(Provision) benefit for income taxes	(2,078)	(5.7)	525	2.0	(3,836)	(5.4)	(116)	(0.2)
Net income before extraordinary loss	3,007	8.2	2,292	8.5	5,879	8.3	939	1.8
Extraordinary loss	-	-	(2,750)	(10.3)	-	-	(2,750)	(5.2)
Net income (loss)	\$ 3,007	8.2%	\$ (458)	(1.7)%	\$ 5,879	8.3%	\$(1,811)	(3.4)%

REVENUES

Total revenues for the second quarter of fiscal 1996 increased 35.9% or \$9.6 million over the comparable period in fiscal 1995. Of this increase, \$5.7 million or 43.3% of the growth resulted from increased software license fee revenue, \$2.8 million or 51.4% from increased services revenue and \$1.1 million or 15.6% from increased maintenance fee revenue.

Total revenues for the first half of fiscal 1996 increased 33.9% or \$17.9 million over the comparable period in fiscal 1995. Of this increase, \$10.3 million or 40.3% of the growth resulted from increased software license fee revenue, \$4.6 million or 41.8% from increased services revenue and \$2.7 million or 19.4% from increased maintenance fee revenue.

The growth in software license fee revenue for both the quarter and first half of fiscal 1996 is the result of increased demand for the Company's BASE24 products and a continued growth of the installed base of customers paying monthly license fee (MLF) revenue. MLF revenue was \$5.0 million in the second quarter of fiscal 1996 compared to \$3.0 million in the second quarter of fiscal 1995. MLF revenue was \$9.5 million in the first half of fiscal 1996 compared to \$5.6 million in the first half of fiscal 1995.

The growth in services revenue for both the quarter and first half of fiscal 1996 is the result of increased demand for technical and project management services which is a direct result of the increased installed base of the Company's BASE24 products.

The increase in maintenance fee revenue for both the quarter and first half of fiscal 1996 is a result of the continued growth of the installed base of the Company's BASE24 products.

EXPENSES

Total operating expenses for the second quarter of fiscal 1996 increased 28.8% or \$7.1 million over the comparable period in fiscal 1995. Total operating expenses for the first half of fiscal 1996 increased 22.7% or \$11.4 million over the comparable period in fiscal 1995.

The cost of software for the second quarter of fiscal 1996 increased 28.8% or \$1.2 over the comparable quarter of fiscal 1995 principally due to an increase in software license fee revenue. The cost of software as a percentage of software license fee revenue was 29.1% in the second quarter of fiscal 1996 as compared to 32.4% in the second quarter of fiscal 1995. The decrease as a percentage of software license fee revenue is primarily due to higher MLF revenues and no charge for purchased contracts in progress in fiscal 1996.

The cost of software for the first half of fiscal 1996 decreased 6.0% or \$0.6 million over the comparable period of fiscal 1995 due to a decrease in the charge for purchased contracts in progress which was offset in part by an increase in software license fee revenue. The cost of software as a percentage of software license fee revenue was 28.0% in the first half of fiscal 1996 as compared to 41.8% in the first half of fiscal 1995. The decrease as a percentage of software license fee revenue is primarily due to higher MLF revenues and no charge for purchased contracts in progress in fiscal 1996.

The cost of maintenance and services for the second quarter and first half of fiscal 1996 increased 40.2% or \$2.5 million and 38.4% or \$4.7 million, respectively, over the comparable periods of fiscal 1995 principally due to additional staff needed to support the increased maintenance fee and services revenue. The cost of maintenance and services as a percentage of maintenance and services revenue was 53.5% in the second quarter of fiscal 1996 as compared to 49.9% in the second quarter of fiscal 1995 and 52.6% in the first half of fiscal 1996 as compared to 49.1% in the first half of fiscal 1995. These increases as a percentage of maintenance and services revenue are primarily due to the higher usage of contract labor which typically is more costly than internal labor costs.

Research and development (R&D) costs for the second quarter and first half of fiscal 1996 increased 42.9% or \$1.2 million and 42.0% or \$2.2 million, respectively, over the comparable periods of fiscal 1995 principally due to increased expenditures on BASE24 and TRANS24 product development efforts. As a percentage of total revenue, R&D costs were 10.7% in the second quarter of fiscal 1996 as compared to 10.2% in the second quarter of fiscal 1995 and 10.5% in the first half of fiscal 1996 as compared to 9.9% in the first half of fiscal

1995. The Company capitalized software development costs of \$0.5 million in the second quarter of fiscal 1996, \$0.2 million in the second quarter of fiscal 1995, \$0.8 million in the first half of fiscal 1996 and \$0.6 million in the first half of fiscal 1995.

Selling and marketing costs for the second quarter and first half of fiscal 1996 increased 11.2% or \$0.8 million and 20.7% or \$2.7 million, respectively, over the comparable periods of fiscal 1995 principally due to increased revenues and backlog. As a percentage of total revenue, selling and marketing costs were 20.7% in the second quarter of fiscal 1996 as compared to 25.3% in the second quarter of fiscal 1995 and 22.2% in the first half of fiscal 1996 as compared to 24.6% in the first half of fiscal 1995.

General and administrative costs for the second quarter and first half of fiscal 1996 increased 30.9% or \$1.4 million and 26.7% or \$2.5 million, respectively, over the comparable periods of fiscal 1995 principally due to increased revenues and backlog. As a percentage of total revenue, general and administrative costs were 16.5% in the second quarter of fiscal 1996 as compared to 17.2% in the second quarter of 1995 and 16.5% in the first half of fiscal 1996 as compared to 17.5% in the first half of fiscal 1995.

OTHER INCOME AND EXPENSE. Other income and expense consists primarily of interest income derived from short-term investments and interest expense on indebtedness. The growth in interest income is due to the investment of a portion of the public offering proceeds received in March and August of 1995. The decrease in interest expense is due to the repayment of indebtedness out of the proceeds of the Company's March 1995 public offering.

INCOME TAXES. The effective tax rate for the second quarter of fiscal 1996 was 40.9% as compared to 53.4% for the second quarter of fiscal 1995. The higher effective tax rate for the second quarter of fiscal 1995 is the result of withholding taxes paid on remittances to the United States for software license fees. These foreign withholding taxes were expensed in fiscal 1995 because, at that time, realization of these taxes as a credit was not assured.

As of March 31, 1996, the Company has deferred tax assets of approximately \$11.8 million and deferred tax liabilities of \$0.1 million. Each quarter, the Company evaluates its historical operating results as well as its projections for the next 24 months to determine the realizability of the deferred tax assets. This analysis indicated that \$3.3 of the deferred tax assets were more likely than not to be realized. Accordingly, the Company has recorded a valuation allowance of \$8.5 million as of March 31, 1996.

BACKLOG

As of March 31, 1996 and 1995, the Company had non-recurring revenue backlog of \$18.9 million and \$18.8 million in software license fees and \$11.1 million and \$6.7 million in services, respectively. The Company includes in its non-recurring revenue backlog all fees specified in contracts which have been executed by the Company to the extent that the Company contemplates recognition of the related revenue within one year. There can be no assurance that the contracts included in non-recurring revenue backlog will actually generate the specified revenues or that the actual revenues will be generated within the one year period.

As of March 31, 1996 and 1995, the Company had recurring revenue backlog of \$60.1 million and \$45.9 million, respectively. The Company defines recurring revenue backlog to be all monthly license fees, maintenance fees and facilities management fees specified in contracts which have been executed by the Company and its customers to the extent that the Company contemplates recognition of the related revenue within one year. There can be no assurance, however, that contracts included in recurring revenue backlog will actually generate the specified revenues.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 1996, the Company had working capital of \$35.7 million, cash and cash equivalents of \$28.9 million and a \$10 million bank line of credit of which there are no borrowings outstanding. The bank line of credit expires in June 1996.

During the six months ended March 31, 1996, the Company's cash flow from operations amounted to \$6.7 million and cash used in investing activities amounted to \$13.4 million.

In the normal course of business, the Company evaluates potential acquisitions of complementary businesses, products or technologies. On October 2, 1995, the Company acquired the capital stock of a German software company for \$3.4 million. The acquisition was accounted for under the purchase accounting method and was financed with existing cash and future payments to the seller.

On January 24, 1996, the Company entered into a transaction with Insession, Inc. (Insession) whereby the term of the Company's ICE distribution rights was extended to September 2001. In addition, the Company loaned Insession \$3.5 million under a promissory note and acquired a 7.5% minority interest in Insession for \$1.5 million.

Management believes that the Company's working capital, cash flow generated from operations and borrowing capacity are sufficient to meet the Company's working capital requirements for the foreseeable future.

TRANSACTION SYSTEMS ARCHITECTS, INC.
PART II. OTHER INFORMATION

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

The Registrant's annual meeting of shareholders was held on February 28, 1996. Each matter voted upon at such meeting and the number of shares cast for, against or withheld, and abstained are as follows:

1. ELECTION OF DIRECTORS

	For	Withheld
	---	-----
William E. Fisher	9,060,846	25,006
David C. Russell	9,058,646	27,206
Michael J. Scheier	9,034,977	50,875
Promod Haque	9,056,236	29,616
Frederick L. Bryant	9,057,036	28,816
Charles E. Noell, III	9,057,036	28,816

2. APPROVAL OF 1996 STOCK OPTION PLAN

For: 7,906,538 Against: 850,610 Abstain: 2,493 Broker Non-vote: 326,211

3. APPROVAL OF 1996 EMPLOYEE STOCK PURCHASE PLAN

For: 8,745,113 Against: 11,760 Abstain: 2,768 Broker Non-vote: 326,211

4. RATIFICATION OF APPOINTMENT OF ARTHUR ANDERSEN LLP AS INDEPENDENT AUDITORS FOR 1996

For: 9,082,826 Against: 364 Abstain: 2,662 Broker Non-vote: None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11.01 Statement re Computation of Per Share Earnings

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 15, 1996

TRANSACTION SYSTEMS ARCHITECTS, INC
(Registrant)

/s/ Gregory J. Duman

Gregory J. Duman
Chief Financial Officer
(Principal Financial Officer)

/s/ Dwight G. Hanson

Dwight G. Hanson
Controller
(Principal Accounting Officer)

TRANSACTION SYSTEMS ARCHITECTS, INC.
INDEX TO EXHIBITS

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TRANSACTION SYSTEMS ARCHITECTS, INC.
STATEMENT OF NET INCOME (LOSS) PER COMMON AND EQUIVALENT SHARE

For the three months ended March 31, 1996:

Weighted average common shares outstanding	12,680,000
Common equivalent shares from stock options granted (using the treasury method)	642,000

Shares used in computation	13,322,000
	=====
Net income	\$3,007,000
	=====
Net income per common and equivalent share	\$ 0.23
	=====

For the three months ended March 31, 1995:

Weighted average common shares outstanding	10,128,000
Common equivalent shares from stock options granted (using the treasury method)	524,000

Shares used in computation	10,653,000
	=====
Net income before extraordinary loss	\$2,292,000
Extraordinary loss	(2,750,000)

Net loss	\$ (458,000)
	=====
Net loss per common and equivalent share:	
Before extraordinary loss	\$ 0.22
Extraordinary loss	(0.26)

Net loss	\$ (0.04)
	=====

6-MOS

	SEP-30-1996	
	OCT-01-1995	
	MAR-31-1996	
		28,874
		0
	41,096	0
		0
	73,736	19,158
	8,279	
	105,670	
38,013		1,419
0		0
		63
		66,029
105,670		70,562
	70,562	27,091
		61,796
	(1,055)	0
	106	
	9,715	
	3,836	
5,879		0
	0	0
		5,879
		.44
		.44