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CSI REPORTS RECORD RESULTS FOR SECOND QUARTER FISCAL 2011

PADUCAH, Ky. (October 7, 2010) - Computer Services, Inc. (CSI) (OTCQX: CSVI) today reported record revenues and record net income for the second quarter and six months ended August 31, 2010.

Second quarter revenues rose 12.7% to \$41.9 million in fiscal 2011 compared with \$37.2 million in the second quarter of fiscal 2010. Net income rose 19.1% to \$6.2 million, and net income per diluted share increased 20.6% to \$0.41 compared with the prior year's second quarter.

"CSI's record results benefited from organic growth across our major business segments and the contribution of the MSI acquisition completed as of October 1, 2009," stated President and Chief Executive Officer Steven A. Powless. "This was our 26th consecutive quarter of revenue growth and highlights the resilience of our recurring fee-based revenue model and the largely non-discretionary nature of our products and services in this tough economy.

"Our sales growth rate has accelerated since last year due to the MSI acquisition. We remain positive about the continued opportunities to cross-sell MSI's print and mail services, and its online document delivery solution. The MSI platform also improves our diversification of revenues while providing new customer markets for the potential to cross-sell other CSI services," continued Mr. Powless.

Second Quarter Results

Second quarter consolidated revenues rose 12.7% to \$41.9 million compared with \$37.2 million in the second quarter ended August 31, 2009. Processing revenues increased 8.2% to \$29.1 million and accounted for approximately 69.5% of total revenues compared with \$26.9 million, or 72.3% of total revenues, in the second quarter of last year. The growth in processing revenues benefitted from a 3.0% internal growth rate with the remaining growth attributable to the MSI acquisition. The internal revenue growth was primarily driven by sales to new customers, cross-sales to existing customers and increases in transaction volumes from existing customers, partially offset by the effect of customers lost primarily due to mergers and government actions, and customers migrating to in-bank check imaging systems. Other revenues rose 24.3% to \$12.8 million in the second quarter of fiscal 2011 compared with \$10.3 million in the second quarter of fiscal 2010. Other revenue increased in the second quarter primarily due to the MSI acquisition.

Second quarter operating income rose 20% to \$10.3 million compared with \$8.6 million in the second quarter of the prior year. Operating margin for the second quarter increased to 24.6% compared with 23.1% in the second quarter of fiscal 2010. The growth in CSI's operating margin was due to higher sales, improved product mix and lower operating expenses. Total operating expenses declined as a percentage of revenue to 75.4% in the second quarter of fiscal 2011 compared with 76.9% in the same period of fiscal 2010.

Net income rose 19.1% to \$6.2 million compared with \$5.2 million in the prior-year period. Net income per fully diluted share was up 20.6% to \$0.41 compared with \$0.34 in the same quarter last year. Weighted average shares outstanding were down 1.3% to 14.9 million since last year primarily due to CSI shares repurchased under the Company's stock repurchase program. CSI repurchased approximately 92,000 shares during the second quarter of fiscal 2011.

“We are pleased with our revenue growth and the increase we achieved in our earnings by closely managing our costs,” reported Mr. Powless. “We continue to use our strong balance sheet and cash flow to invest in our business and provide a return to our shareholders. During the first half of fiscal 2011, we invested over \$10 million in capital projects, including a mainframe processor replacement at our Valparaiso, Indiana location, and repurchased over \$2.5 million in CSI stock. We also increased our quarterly cash dividend by 15.8% to \$0.11 per share effective with the September 2010 dividend payment. At the end of the quarter, our cash position increased to \$4.7 million, up \$1.4 million in the first six months of fiscal 2011, while we reduced our debt by \$3.1 million,” concluded Mr. Powless.

Six Month Results

Consolidated revenues for the first six months of fiscal 2011 rose 10.3% to a record \$81.7 million compared with \$74.0 million for the same period in fiscal 2010. CSI’s growth in revenues benefited from the MSI acquisition, higher processing revenues and higher other revenues.

Operating income rose 14.2% to \$19.2 million for the first six months of fiscal 2011 compared with \$16.8 million for the same period last year. Operating margin rose to 23.5% in the first six months of fiscal 2011 compared with 22.7% in the same period of fiscal 2010 due to higher sales, improved product mix and lower operating expenses.

Net income for the first six months of fiscal 2011 rose 13.3% to \$11.5 million compared with \$10.2 million in the first six months of fiscal 2010. Net income per diluted share increased 14.9% to \$0.77 for the latest six month period compared with \$0.67 for the same period last year.

About Computer Services, Inc.

Computer Services, Inc. (CSI) delivers core banking, payments processing, Internet, card services, risk assessment, fraud prevention, network management, regulatory compliance and document delivery solutions to financial institutions and corporate entities across the nation. Technology planning, personal account management and world-class customer service explain why CSI is known as one of the nation’s premier providers of technology solutions for the financial services industry. CSI’s stock is traded on the OTCQX under the symbol CSVI. For more information about CSI, visit www.csiweb.com.

Forward-Looking Statements

This news release contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. All statements except historical statements contained herein constitute "forward-looking statements." Forward-looking statements are inherently uncertain and are based only on current expectations and assumptions that are subject to future developments that may cause results to differ materially. Readers should carefully consider: (i) economic, competitive, technological and governmental factors affecting CSI's operations, customers, markets, services, products and prices; and (ii) other factors discussed in CSI's Information and Disclosure Statements and other documents posted from time to time on the OTCQX website, including without limitation, the description of the nature of CSI's business and its management discussion and analysis of financial condition and results of operations for reported periods. CSI undertakes no obligation to update, and is not responsible for updating, the information contained in this release beyond the publication date, whether as a result of new information or future events, or to conform the statement to actual results or changes in CSI's expectations, or otherwise or for changes made to this document by wire services or Internet services.

COMPUTER SERVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(in thousands, except share and per share data)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2010	2009	2010	2009
Revenues	\$ 41,923	\$ 37,207	\$ 81,657	\$ 74,036
Expenses	31,629	28,626	62,493	57,248
Income before other income (expense)	10,294	8,581	19,164	16,788
Interest income (expense), net	(44)	(46)	(107)	(97)
Income before taxes & minority interest	10,250	8,535	19,057	16,691
Provision for Income Taxes	4,048	3,329	7,527	6,510
Net income	\$ 6,202	\$ 5,206	\$ 11,530	\$ 10,181
Earnings per share, assuming dilution	\$ 0.41	\$ 0.34	\$ 0.77	\$ 0.67
Weighted average common shares outstanding, diluted	14,915,615	15,115,020	14,929,297	15,132,512

CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands)

	08/31/10	02/28/10
ASSETS		
Cash and cash equivalents	\$ 4,657	\$ 3,281
Other current assets	21,833	24,712
Property and equipment, net	35,910	30,857
Software and software licenses, net	13,118	15,015
Goodwill and other intangible assets	50,613	48,932
Other assets	4,357	3,123
Total Assets	\$ 130,488	\$ 125,920
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities	\$ 20,272	\$ 20,251
Earn-out provision related to acquisition	2,000	2,000
Other liabilities	1,785	1,887
Notes payable, net of current maturities	5,214	8,340
Total liabilities	29,271	32,478
Shareholders' equity	101,217	93,442
Total liabilities and shareholders' equity	\$ 130,488	\$ 125,920