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## FOR IMMEDIATE RELEASE

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## CSI REPORTS RECORD FISCAL YEAR 2010 RESULTS

PADUCAH, Ky. (April 23, 2010) – Computer Services, Inc. (CSI) (OTCQX: CSVI) today reported record revenues and net income for the fiscal year ended February 28, 2010.

CSI's revenues for fiscal 2010 were a record \$154.0 million and rose 2.2% compared with \$150.6 million for fiscal 2009. Net income for fiscal 2010 rose to \$21.6 million, a 4.5% increase compared with fiscal 2009 income of \$20.7 million. Net income per fully diluted share increased 9.5% to \$2.87 compared with \$2.62 last year. Fiscal 2009 results included \$4.8 million (approximately \$0.37 per diluted share after-tax) in one-time fees related to early contract terminations from accounts lost primarily through bank mergers compared with only \$275,000 (approximately \$0.02 per diluted share after-tax) in fiscal 2010.

Fourth quarter revenues rose 0.6% to \$41.8 million in fiscal 2010 compared with \$41.5 million in the fourth quarter of fiscal 2009. Net income was \$6.6 million, or \$0.88 per diluted share, in the fourth quarter of fiscal 2010 compared with \$6.9 million, or \$0.89 per diluted share, in the fourth quarter of fiscal 2009. The one-time fees related to early contract terminations from lost accounts were recorded in the fourth quarter of the respective fiscal years.

"CSI reported continued growth in revenue in the fourth quarter and for the fiscal year ended February 28, 2010," stated President and Chief Executive Officer Steven A. Powless. "This quarter marked the 24<sup>th</sup> consecutive quarter of revenue growth and highlights the benefits of our long-term customer contracts and high retention rates. We anticipate that the recent acquisition of Myriad Systems, Inc. (MSI) will provide additional momentum to our revenue growth going forward while further diversifying our revenue base.

"We are pleased with CSI's 2010 performance in light of the soft economy," continued Mr. Powless. "We grew sales, reduced operating costs and invested in new hardware and software to support our continued growth. CSI's cash position rose to \$3.3 million at fiscal year end, and we used our solid cash flow to repurchase almost \$8.5 million in CSI stock during the year. We remain optimistic about our continued growth in fiscal 2011."

### ***Fiscal 2010 Results***

Consolidated revenues rose 2.2% to \$154.0 million for fiscal 2010 compared with \$150.6 million for fiscal 2009. Processing revenues rose 5.3% to \$109.8 million compared with \$104.3 million for fiscal 2009, and other revenues declined 4.7% to \$44.2 million compared with fiscal 2009. Growth in processing revenues benefited from sales to new customers, cross-sales to existing customers, increases in transaction volumes, the contribution from new products and services and the acquisition of MSI effective October 1, 2009. Other revenue growth slowed in fiscal 2010 due to customers postponing discretionary spending on new products and services, including one-time software and hardware purchases, during the weak economy. Fiscal 2010 revenues included \$275,000 in one-time fees related to early contract terminations from lost accounts and fiscal 2009 results included \$4.8 million in similar fees.

Operating income rose 4.2% to \$35.7 million for fiscal 2010 compared with \$34.3 million for last year. Operating margin for fiscal 2010 rose to 23.2% compared with 22.8% for fiscal 2009. The increase in operating income and margin benefited from a higher sales base and improved operating costs. A primary driver in reducing operating costs has been the shift in customers adopting remote data capture technology and away from processing transactions at CSI's fixed data centers. CSI expects to benefit from this trend as data centers are consolidated, resulting in lower personnel and operating costs.

Net income for fiscal 2010 rose 4.5% to \$21.6 million compared with \$20.7 million for fiscal 2009. Net income per diluted share increased 9.5% to \$2.87 for fiscal 2010 on 7.5 million weighted average diluted shares outstanding compared with \$2.62 for fiscal 2009 on 7.9 million weighted average diluted shares outstanding.

CSI's cash flow from operations rose to \$35.6 million in fiscal 2010, and cash and cash equivalents more than doubled to \$3.2 million at February 28, 2010, compared with the prior fiscal year. During fiscal 2010, CSI repurchased \$8.5 million in common stock, invested approximately \$10.7 million in new hardware and software, and paid approximately \$10.0 million for the MSI acquisition. These investments were funded with a combination of cash flow from operations and approximately a \$3.0 million increase in debt.

#### ***Fourth Quarter Results***

Fourth quarter consolidated revenues rose to \$41.8 million compared with \$41.5 million for the fourth quarter ended February 28, 2009. Processing revenues were \$29.1 million in the fourth quarter of fiscal 2010 and included \$275,000 in early termination fees compared with \$31.4 million in the fourth quarter of last year that included \$4.8 million in similar fees. Excluding the one-time fees related to early contract terminations, processing revenues were up 8.2% and other revenues were up 25.5% compared with the fourth quarter of last year. The growth in revenues benefited from the MSI acquisition and higher software sales compared with the fourth quarter of 2009.

"We had solid growth in revenues and net income in the fourth quarter when you exclude the one-time early contract termination fees," continued Mr. Powless. "The growth in our processing revenues benefited from sales to new customers, cross-sales to existing customers, higher transaction-based revenue and the MSI acquisition. We are particularly pleased with the contribution from MSI in its first full quarter of operations as part of CSI. We made progress in integrating MSI to build our cross-sales and believe it will be a solid contributor to our continued growth in fiscal 2011."

Fourth quarter 2010 operating income was \$10.9 million compared with \$11.5 million for the fourth quarter of the prior year. Operating margin for the fourth quarter was 26.2% compared with 27.7% for the fourth quarter of fiscal 2009.

Net income was \$6.6 million for the fourth quarter of fiscal 2010 compared with \$6.9 million for the prior-year period. Net income per fully diluted share was \$0.88 compared with \$0.89 for the same quarter last year. Net income included early termination fees of approximately \$0.02 per diluted share for the fourth quarter of fiscal 2010 compared with approximately \$0.38 per diluted share in the fourth quarter of fiscal 2009.

#### **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](http://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. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

*(in thousands, except share and per share data)*

	Three Months Ended		Year Ended	
	February 28, 2010	February 28, 2009	February 28, 2010	February 28, 2009
	<i>(Unaudited)</i>		<i>(Audited)</i>	
Revenues	\$ 41,792	\$ 41,524	\$ 153,985	\$ 150,649
Expenses	<u>30,859</u>	<u>30,009</u>	<u>118,259</u>	<u>116,364</u>
Income before other income (expense)	10,933	11,515	35,726	34,285
Other income (expense), net	<u>(108)</u>	<u>(134)</u>	<u>(258)</u>	<u>(348)</u>
Income before taxes & minority interest	10,825	11,381	35,468	33,937
Provision for income taxes	<u>4,222</u>	<u>4,438</u>	<u>13,833</u>	<u>13,235</u>
Net income	6,603	6,943	21,635	20,702
Net loss attributable to the noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
Net income attributable to Computer Services, Inc.	<u>\$ 6,603</u>	<u>\$ 6,943</u>	<u>\$ 21,635</u>	<u>\$ 20,714</u>
Diluted earnings per share	<u>\$ 0.88</u>	<u>\$ 0.89</u>	<u>\$ 2.87</u>	<u>\$ 2.62</u>
Fully diluted weighted average common shares outstanding	7,485,359	7,715,154	7,538,939	7,905,467

**CONSOLIDATED BALANCE SHEETS**

*(Audited)*

*(in thousands)*

	<u>2/28/2010</u>	<u>2/28/2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,281	\$ 1,320
Other current assets	24,712	23,206
Property and equipment, net	30,857	28,357
Software and software licenses, net	15,015	14,905
Goodwill and other intangible assets	48,932	38,002
Other assets	<u>3,123</u>	<u>2,895</u>
Total assets	<u>\$ 125,920</u>	<u>\$ 108,685</u>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
Current liabilities	\$ 20,251	\$ 15,365
Other liabilities	3,887	4,087
Long-term debt	<u>8,340</u>	<u>5,000</u>
Total liabilities	32,478	24,452
Shareholders' equity	<u>93,442</u>	<u>84,233</u>
Total liabilities and shareholders' equity	<u>\$ 125,920</u>	<u>\$ 108,685</u>