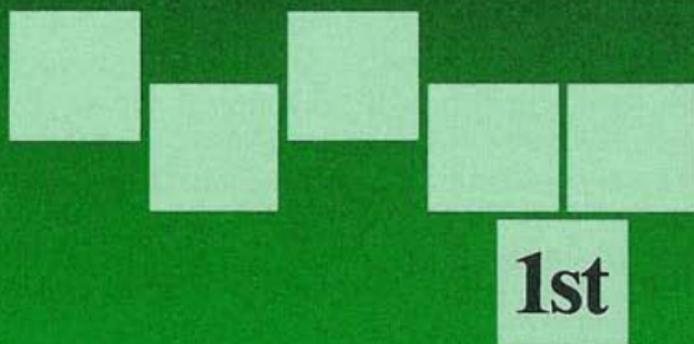


Tymshare 1983 First Quarter Shareholder's Report



To Our Shareholders:

I see several important differences in our company in the spring of 1983 compared with just a few months ago. First of all, our 24-cent EPS, while below that of a year ago, does represent a return to profitability from our low point in the last three months of 1982. Secondly, although first quarter revenue appears to have dipped this year from last, it actually shows a five percent gain when revenues from two businesses sold during 1982 are excluded. Continuing business revenues actually grew from about \$74.8 million to \$78.5 million on that basis.

We also see a difference in the outlook for our national economy with an apparent recovery under way. We are moving to take full advantage of it to regain revenue momentum in the one-third segment of our business that has been seriously affected by recession. This is the segment of our computer services business that serves large commercial and industrial companies through our Information Network Services Division (INSD).

This Division is now under new management, headed by Otis Brinkley, who has been successful in several marketing and general management positions in Tymshare. He is redirecting the Division in a way that will simplify management structure, sharply focus product and service development toward integrated services of greater scope and complexity, and implement a more refined approach to specialized market opportunities.

The rest of our business continues to grow according to plan despite the still sluggish economy. The communications segment, now roughly one-third of our business, is maintaining its revenue growth quarter to quarter. TYMNET, our unique packet network, will grow this year to some 430 or more domestic node cities from a level of about 280 such locations at the end of 1982. About 80 new cities were added in the first quarter alone. We also shipped our 1,400th Tymnet Engine in the quarter and completed development of the Micro-Engine, which is used both in TYMNET expansion and in customized private networks, of which we have now sold nearly 20 in the U.S. and abroad. Microband also continues to grow and demonstrate leadership in its field.

TYMSHARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS
INCOME FOR THE THREE MONTHS ENDED
MARCH 31, 1983 AND 1982
(Unaudited)

Revenues from services and sales

Costs and expenses

Operating expenses and cost of sales

Selling, general, and administrative

Technical development

Income from operations

Interest expense

Interest income

Income before provision for income taxes

Provision for income taxes

Net income

Earnings per share

Average shares used to compute earnings per share

<u>1983</u>	<u>1982</u>
(In thousands, except per share amounts)	
<u>\$78,529</u>	<u>\$85,234</u>
43,027	50,242
23,954	21,246
6,659	5,077
<u>73,640</u>	<u>76,565</u>
4,889	8,669
229	675
(153)	(126)
<u>4,813</u>	<u>8,120</u>
1,825	3,330
<u>\$ 2,988</u>	<u>\$ 4,790</u>
<u>\$.24</u>	<u>\$.41</u>
<u>12,324,000</u>	<u>11,931,000</u>

Upon completion of the acquisition of FTC Communications, Inc., the international record carrier, we will add another dimension to our communications business. We are awaiting FCC approval on this transaction.

Beyond INSD, other segments of our computer services business, accounting for about a third of total revenues, have performed on plan or better. These include tax processing, cable TV, banking software, point-of-sale, and TeleCheck product and service lines. Each of these is successfully addressing important, and quite specific, market sectors.

In future months, we will be talking more about opportunities for continued growth in communications and specific computer service market sectors. We also will report on our progress with integrated systems offered through INSD. As we move ahead with the expectation of continued improvement in the economy, we see a renewed vitality for business in general, and our company specifically.

Twice before in our corporate history we have weathered periods of economic malaise and slower growth, made shifts in our capability to meet new market needs, and come out stronger than before. We see similar patterns in the current cycle of change and we fully expect similarly positive results from the selective shifts in direction now under way.

A handwritten signature in black ink, appearing to read "T.J. O'Rourke". The signature is fluid and cursive, with a large initial "T" and "O".

T.J. O'Rourke
President and Chairman of the Board



TYMSHARE[®]

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