

For more information, please contact:
William J. Hoelting
Vice President, Investor Relations
(402) 390-8990

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**TRANSACTION SYSTEMS ARCHITECTS REPORTS
FIRST QUARTER RESULTS**

(Omaha, Neb.)--Transaction Systems Architects, Inc. (Nasdaq:TSAI), a leading global provider of application software for electronic payments reported record revenue of \$86.1 million for the first quarter of fiscal year 1999, an increase of 25 percent over the same quarter last year. Pro forma net income for the quarter was \$9.8 million and \$.31 per share (diluted). The pro forma results exclude transaction expenses of \$653 thousand related to the acquisition of Media Integration BV (MINT). The acquisition of MINT was completed in the first quarter and has been accounted for as a pooling of interest. Accordingly, TSAI's financial statements have been restated to include the results of MINT for all periods presented. The acquisition of U.S. Processing, Inc. was also completed in the first quarter and was accounted for using the purchase method.

Operating income was \$15.0 million for the quarter compared to operating income of \$11.9 million for the same quarter last year, an increase of 26 percent. Excluding the aforementioned transaction related expenses, the company reported pro forma net income of \$9.8 million, \$.31 per share (diluted) compared to \$7.7 million, \$.25 per share (diluted) in the first quarter fiscal year 1998. Compared to net income and earnings per share for

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first quarter 1998, the current increase was 26 percent and 24 percent, respectively. Net income and earnings per share including the transaction related expenses was \$9.4 million and \$.30 per share (diluted), respectively.

The company completed the quarter with \$198.9 million in backlog consisting of \$67.7 million in non-recurring revenue and \$131.2 million in recurring revenue. Backlog increased \$49.4 million, a 33 percent increase compared to backlog for first quarter of fiscal year 1998. 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.

Cash flow from operating activities was \$9.0 million for the first quarter of fiscal year 1999. The combined cash and cash equivalent balance at December 31, 1998 was \$62 million.

“We are pleased with our first quarter results of strong revenue and earnings growth as it provides a solid start for fiscal year 1999,” said William E. Fisher, chairman, chief executive officer and president of Transaction Systems Architects. “During the quarter our Americas channel and Europe, Middle East and Africa channel achieved revenue growth of 32 percent and 23 percent, respectively. The Asia/Pacific region which represents 8 percent of total revenue was down 10 percent as compared with the first quarter fiscal year 98.”

Transaction Systems Architects’ software facilitates electronic payments 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 3,300 product systems in 70 countries on six continents.

FINANCIAL HIGHLIGHTS FOLLOW

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited and in thousands)

	<u>December 31,</u> 1998	<u>September 30,</u> 1998
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 62,027	\$ 63,648
Marketable securities	1,720	2,188
Billed receivables, net	66,422	58,080
Accrued receivables	34,034	33,000
Deferred income taxes	5,013	4,921
Other	<u>4,624</u>	<u>3,585</u>
Total current assets	173,840	165,422
Property and equipment, net	20,797	21,001
Software, net	8,715	7,172
Intangible assets, net	21,927	9,385
Installment receivables	768	2,056
Investments and notes receivable	11,756	16,754
Other	<u>5,191</u>	<u>4,517</u>
Total assets	<u>\$ 242,994</u>	<u>\$ 226,307</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 1,283	\$ 1,078
Accounts payable	12,583	13,720
Accrued employee compensation	4,323	8,426
Accrued liabilities	17,239	14,826
Income taxes	7,603	4,784
Deferred revenue	<u>40,777</u>	<u>35,594</u>
Total current liabilities	83,808	78,428
Long-term debt	<u>2,455</u>	<u>2,002</u>
Total liabilities	<u>86,263</u>	<u>80,430</u>
Stockholders' equity:		
Class A Common Stock	156	150
Class B Common Stock	-	6
Additional paid-in capital	114,768	112,400
Accumulated translation adjustments	(2,579)	(2,075)
Retained earnings	47,677	38,220
Unrealized investment holding loss	(3,279)	(2,812)
Treasury stock, at cost	<u>(12)</u>	<u>(12)</u>
Total stockholders' equity	<u>156,731</u>	<u>145,877</u>
Total liabilities and stockholders' equity	<u>\$ 242,994</u>	<u>\$ 226,307</u>

TRANSACTION SYSTEMS ARCHITECTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited and in thousands, except per share amounts)

	Three Months Ended December 31,	
	1998	1997
Revenues:		
Software license fees	\$ 46,077	\$ 38,565
Maintenance fees	15,567	13,173
Services	23,295	15,941
Hardware, net	1,131	1,389
Total revenues	86,070	69,068
Expenses:		
Cost of software license fees:	11,822	8,763
Cost of maintenance and services	20,293	15,734
Research and development	8,198	6,109
Selling and marketing	15,978	14,404
General and administrative:		
General and administrative costs	14,368	11,832
Amortization of goodwill and purchased intangibles	445	315
Total expenses	71,104	57,157
Operating income	14,966	11,911
Other income (expense):		
Interest income	703	647
Interest expense	(111)	(20)
Transaction related expenses	(653)	-
Other	197	(80)
Total other	136	547
Income before income taxes	15,102	12,458
Provision for income taxes	(5,732)	(4,740)
Net income	\$ 9,370	\$ 7,718
Earnings Per Share Data:		
Basic:		
Net income	\$ 0.30	\$ 0.26
Average shares outstanding	30,938	30,235
Diluted:		
Net income	\$ 0.30	\$ 0.25
Average shares outstanding	31,727	31,024