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**FOR IMMEDIATE RELEASE**

**April 22, 1999**

**TRANSACTION SYSTEMS ARCHITECTS REPORTS SECOND QUARTER AND  
FIRST HALF RESULTS**

**(Omaha, Neb.)**--Transaction Systems Architects, Inc. (Nasdaq: TSAI), a leading supplier of application software for electronic payments and electronic commerce, reported record earnings of \$.34 per share (diluted) on revenue of \$87 million for the second quarter of fiscal year 1999 ending March 31, 1999.

Operating income was \$17 million for the quarter compared to an operating income of \$12.5 million for the same quarter last year, an increase of 36 percent. The company reported net income of \$10.9 million, \$.34 per share (diluted), for the current quarter as compared to \$8.3 million, \$.27 per share (diluted) in the second quarter 1998. Net income and earnings per share for the second quarter fiscal year 1999 increased 32 percent and 26 percent, respectively.

For the six months ended March 31, 1999 revenues were \$173 million, compared to \$140.8 million last year, an increase of 23 percent. Operating income was \$32 million for the first six months of the current year as compared to \$24.4 million in the same six months last year, an increase of 31 percent.

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Net income for the first six months of the fiscal year 1999 was \$20.3 million, \$.63 per share (diluted) compared to \$16.0 million, \$.52 per share (diluted) for the same period last year. Net income for the first six months of 1999 included acquisition-related charges from the company's purchase of Media Integration BV (MINT) which was completed in the first quarter and accounted for as a pooling of interest. Without these acquisition-related charges, net income on a pro forma basis was \$20.7 million, \$.65 per share (diluted) for the first six months of 1999. On a comparable pro forma basis net income and earnings per share increased 29 percent and 25 percent, respectively.

The company completed the quarter with \$201 million in backlog consisting of \$64.2 million in non-recurring revenues and \$136.8 million in recurring revenues. Backlog increased \$44.3 million, a 28 percent increase compared to the second quarter of fiscal 1998 ending March 31, 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 \$1 million for the second quarter of 1999. Year-to-date cash flow from operating activities totals \$9.2 million. The combined cash and cash equivalents balance as of March 31, 1999 was \$62.6 million.

“Our second quarter results reflect the underlying strength in our unique financial model,” said William E. Fisher, chairman, chief executive officer and president of Transaction Systems Architects. “We continue to build on our strong financial performance based on our high retention of blue chip global customers that consistently add functionality and volume capacity to meet the growing electronic payments environment.”

Transaction Systems Architects' software facilitates electronic payments by providing

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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 3,200 product systems in 75 countries on six continents.

## **FINANCIAL HIGHLIGHTS FOLLOW**

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

	<u>March 31,</u> 1999	<u>September 30,</u> 1998
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 62,565	\$ 63,648
Marketable securities	2,345	2,188
Billed receivables, net	61,217	58,080
Accrued receivables	39,950	33,000
Deferred income taxes	5,923	4,921
Other	<u>4,012</u>	<u>3,585</u>
Total current assets	176,012	165,422
Property and equipment, net	20,644	21,001
Software, net	22,289	7,172
Intangible assets, net	59,382	9,385
Installment receivables	9,305	2,056
Investments and notes receivable	3,558	16,754
Other	<u>4,907</u>	<u>4,517</u>
Total assets	\$ <u><u>296,097</u></u>	\$ <u><u>226,307</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 1,138	\$ 1,078
Accounts payable	13,689	13,720
Accrued employee compensation	5,712	8,426
Accrued liabilities	23,782	14,826
Income taxes	4,754	4,784
Deferred revenue	<u>48,538</u>	<u>35,594</u>
Total current liabilities	97,613	78,428
Long-term debt	<u>1,994</u>	<u>2,002</u>
Total liabilities	<u>99,607</u>	<u>80,430</u>
Stockholders' equity:		
Class A Common Stock	160	150
Class B Common Stock	-	6
Additional paid-in capital	144,401	112,400
Retained earnings	58,561	38,220
Accumulated translation adjustments	(3,965)	(2,075)
Unrealized investment holding loss	(2,655)	(2,812)
Treasury stock, at cost	<u>(12)</u>	<u>(12)</u>
Total stockholders' equity	<u>196,490</u>	<u>145,877</u>
Total liabilities and stockholders' equity	\$ <u><u>296,097</u></u>	\$ <u><u>226,307</u></u>

**TRANSACTION SYSTEMS ARCHITECTS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

*(unaudited and in thousands, except per share amounts)*

	<u>Three Months Ended March 31,</u>		<u>Six Months Ended March 31,</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Revenues:				
Software license fees	\$ 50,552	\$ 40,082	\$ 96,629	\$ 78,647
Maintenance fees	15,996	14,162	31,563	27,335
Services	19,309	16,405	42,604	32,346
Hardware, net	1,094	1,105	2,225	2,494
Total revenues	<u>86,951</u>	<u>71,754</u>	<u>173,021</u>	<u>140,822</u>
Expenses:				
Cost of software license fees	9,950	8,535	21,772	17,298
Cost of maintenance and services	18,038	16,722	38,331	32,455
Research and development	8,538	6,304	16,736	12,413
Selling and marketing	17,348	15,010	33,326	29,414
General and administrative:				
General and administrative costs	14,976	12,279	29,345	24,112
Amortization of goodwill and purchased intangibles	1,104	414	1,548	729
Total expenses	<u>69,954</u>	<u>59,264</u>	<u>141,058</u>	<u>116,421</u>
Operating income	<u>16,997</u>	<u>12,490</u>	<u>31,963</u>	<u>24,401</u>
Other income (expense):				
Interest income	721	800	1,424	1,447
Interest expense	(48)	(78)	(159)	(98)
Transaction related expenses	-	-	(653)	-
Other	(29)	40	168	(40)
Total other	<u>644</u>	<u>762</u>	<u>780</u>	<u>1,309</u>
Income before income taxes	17,641	13,252	32,743	25,710
Provision for income taxes	<u>(6,757)</u>	<u>(4,962)</u>	<u>(12,489)</u>	<u>(9,703)</u>
Net income	<u>\$ 10,884</u>	<u>\$ 8,290</u>	<u>\$ 20,254</u>	<u>\$ 16,007</u>
Earnings Per Share Data:				
Basic:				
Net income	<u>\$ 0.35</u>	<u>\$ 0.28</u>	<u>\$ 0.65</u>	<u>\$ 0.53</u>
Average shares outstanding	<u>31,440</u>	<u>30,143</u>	<u>31,189</u>	<u>30,087</u>
Diluted:				
Net income	<u>\$ 0.34</u>	<u>\$ 0.27</u>	<u>\$ 0.63</u>	<u>\$ 0.52</u>
Average shares outstanding	<u>32,265</u>	<u>31,068</u>	<u>31,996</u>	<u>31,046</u>