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News Release

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FOR IMMEDIATE RELEASE

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TRANSACTION SYSTEMS ARCHITECTS REPORTS THIRD QUARTER RESULTS

(Omaha, Neb.)--Transaction Systems Architects, Inc. (Nasdaq:TSAI), a leading global provider of application software for electronic payments and electronic commerce reported record earnings of \$.36 per share (diluted) on record revenues of \$89.1 million for the third quarter of fiscal year 1999 ending June 30, 1999.

Operating income was \$18.6 million for the quarter compared to an operating income of \$13.1 million for the same quarter last year, an increase of 42 percent. The company reported net income of \$11.8 million, \$.36 per share (diluted), for the current quarter as compared to \$8.6 million, \$.27 per share (diluted) in the third quarter 1998. Net income and earnings per share for the third quarter fiscal year 1999 increased 38 percent and 33 percent, respectively.

For the nine months ended June 30, 1999, revenues were \$262.1 million, compared to \$217.8 million, an increase of 20 percent over the same nine months last year. Operating income was \$50.6 million for the first nine months of the current year as compared to \$37.5 million in the same nine months last year, an increase of 35 percent.

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Net income for the nine months of the current fiscal year was \$32.1 million, \$1.00 per share (diluted) compared to \$24.6 million, \$.79 per share (diluted) for the same period last year. Compared to net income and earnings per share for the first nine months of fiscal year 1998, the first nine months of fiscal year 1999 increase was 31 percent and 27 percent, respectively. Net income for the nine months of fiscal year 1999 included acquisition-related charges of \$653 thousand related to the acquisition of Media Integration BV (MINT) in the first fiscal quarter of 1999. Without these charges, net income and earnings per share on a pro forma basis was \$32.5 million, \$1.01 per share for the nine months of fiscal year 1999.

The company completed the quarter with \$194 million in backlog consisting of \$55.5 million in non-recurring revenue and \$138.5 million in recurring revenue. Total backlog increased \$26.5 million, a 16 percent increase compared to June 30, 1998. The recurring revenue portion of backlog increased \$29.8 million, a 27 percent increase compared to June 30, 1998. Non-recurring license fees backlog grew \$2.2 million, a 7.5 percent increase, while non-recurring services backlog declined by \$5.5 million as compared to June 30, 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 \$15 million for the third quarter of fiscal year 1999. Year-to-date cash flow from operating activities totals \$24.6 million. The combined cash and cash equivalents balance as of June 30, 1999 was \$62.6 million.

“We have completed another strong quarter, with record revenues, operating margin and net income and excellent operating cash flow,” said William E. Fisher, chairman, chief executive officer and president of Transaction Systems Architects. “We are continuing to invest in our software solutions and building ACI Worldwide’s direct sales and distribution channel in the

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international markets. We believe TSA is strategically positioned with best of breed software solutions for the continued shift from paper to electronic payments and commerce.”

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 3,280 product systems in 76 countries on six continents.

This release contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. The potential risks that could affect TSA’s financial results are included in its filings with the Securities and Exchange Commission reports, including Exhibit 99.01 to the company’s Form 10-K for the fiscal year ended September 30, 1998.

FINANCIAL HIGHLIGHTS FOLLOW

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

	<u>June 30,</u> 1999	<u>September 30,</u> 1998
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 62,613	\$ 63,648
Marketable securities	9,532	2,188
Billed receivables, net	57,076	58,080
Accrued receivables	39,181	33,000
Deferred income taxes	7,064	4,921
Other	<u>4,334</u>	<u>3,585</u>
Total current assets	179,800	165,422
Property and equipment, net	20,722	21,001
Software, net	23,997	7,172
Intangible assets, net	56,523	9,385
Installment receivables	12,963	2,056
Investments and notes receivable	3,568	16,754
Other	<u>4,785</u>	<u>4,517</u>
Total assets	\$ <u><u>302,358</u></u>	\$ <u><u>226,307</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 1,075	\$ 1,078
Accounts payable	10,333	13,720
Accrued employee compensation	6,429	8,426
Accrued liabilities	16,191	14,826
Income taxes	8,930	4,784
Deferred revenue	<u>46,530</u>	<u>35,594</u>
Total current liabilities	89,488	78,428
Long-term debt	<u>1,860</u>	<u>2,002</u>
Total liabilities	<u>91,348</u>	<u>80,430</u>
Stockholders' equity:		
Class A Common Stock	160	150
Class B Common Stock	-	6
Additional paid-in capital	146,355	112,400
Retained earnings	70,411	38,220
Accumulated translation adjustments	(3,936)	(2,075)
Unrealized investment holding loss	(1,968)	(2,812)
Treasury stock, at cost	<u>(12)</u>	<u>(12)</u>
Total stockholders' equity	<u>211,010</u>	<u>145,877</u>
Total liabilities and stockholders' equity	\$ <u><u>302,358</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)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1999	1998	1999	1998
Revenues:				
Software license fees	\$ 53,259	\$ 42,923	\$ 149,888	\$ 121,570
Maintenance fees	16,042	14,664	47,605	41,999
Services	18,858	18,188	61,462	50,534
Hardware, net	967	1,232	3,192	3,726
Total revenues	89,126	77,007	262,147	217,829
Expenses:				
Cost of software license fees	10,381	9,220	32,153	26,518
Cost of maintenance and services	17,740	18,126	56,071	50,580
Research and development	8,711	6,797	25,447	19,209
Selling and marketing	17,495	15,682	50,821	45,096
General and administrative:				
General and administrative costs	14,639	13,717	43,984	37,828
Amortization of goodwill and purchased intangibles	1,572	347	3,121	1,076
Total expenses	70,538	63,889	211,597	180,307
Operating income	18,588	13,118	50,550	37,522
Other income (expense):				
Interest income	706	863	2,130	2,310
Interest expense	(77)	(46)	(236)	(144)
Transaction related expenses	-	-	(653)	-
Other	(131)	(226)	37	(266)
Total other	498	591	1,278	1,900
Income before income taxes	19,086	13,709	51,828	39,422
Provision for income taxes	(7,237)	(5,134)	(19,726)	(14,836)
Net income	\$ 11,849	\$ 8,575	\$ 32,102	\$ 24,586
Earnings Per Share Data:				
Basic:				
Net income	\$ 0.37	\$ 0.28	\$ 1.02	\$ 0.81
Average shares outstanding	32,016	30,352	31,465	30,176
Diluted:				
Net income	\$ 0.36	\$ 0.27	\$ 1.00	\$ 0.79
Average shares outstanding	32,650	31,230	32,214	31,107

See notes to condensed consolidated financial statements.