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**TRANSACTION SYSTEMS ARCHITECTS REPORTS RECORD FOURTH  
QUARTER AND YEAR END RESULTS**

**(Omaha, Neb.)**--Transaction Systems Architects, Inc. (Nasdaq:TSAI), a leading global provider of application software for electronic payments reported record revenue of \$79.3 million for the fourth quarter of fiscal year 1998, an increase of 28 percent over the same quarter last year. Pro forma net income for the quarter was \$9.2 million and \$.30 per share (diluted). The pro forma results exclude non-recurring transaction expenses of \$2.5 million related to the acquisitions of IntraNet, Inc., Smart Card Integrations Limited (SCIL), and Professional Resources, Inc. (PRI). These acquisitions were completed in the fourth quarter and have been accounted for as poolings of interest. Accordingly, TSAI's financial statements have been restated to include the results of IntraNet, Inc. for all periods presented. SCIL's and PRI's results of operations prior to the acquisitions were not material.

Operating income was \$14.0 million for the quarter compared to operating income of \$10.6 million for the same quarter last year, an increase of 33 percent. Excluding the aforementioned transaction related expenses, the company reported pro forma net income of \$9.2 million, \$.30 per share (diluted) compared to \$7.2 million, \$.24 per share (diluted) in the fourth quarter 1997. Compared to net income and earnings per share for fourth

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quarter 1997, the current increase was 29 percent and 25 percent, respectively.

Net income and earnings per share including the transaction related expenses was \$6.9 million and \$.22 per share (diluted), respectively.

For the fiscal year ended September 30, 1998, revenues were \$289.8 million compared to \$238.5 million for fiscal year 1997, an increase of 22 percent. Operating income was \$51.0 million for the fiscal year as compared to \$38.6 million for fiscal year 1997, an increase of 32 percent. Operating income for fiscal year 1997 included acquisition related charges from the company's leveraged buyout totaling \$800 thousand. Without these charges, operating income on a pro forma basis was \$39.5 million for fiscal year 1997. On a comparable pro forma basis, operating income increased 29% compared to fiscal year 1997.

Excluding the aforementioned transaction related expenses and their related tax effects, pro forma net income and earnings per share for fiscal year 1998 was \$33.5 million, \$1.10 per share (diluted) compared to pro forma net income and earnings per share for fiscal year 1997 of \$25.2 million, \$.84 per share (diluted) an increase of 33 percent and 31 percent, respectively. Net income and earnings per share for fiscal year 1998 including the transaction related expenses was \$31.1 million and \$1.02 per share (diluted), respectively.

The company completed the quarter with \$185.2 million in backlog consisting of \$65.8 million in non-recurring revenue and \$119.4 million in recurring revenue. Backlog increased \$43.8 million, a 31 percent increase compared to backlog for September 30, 1997. 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.

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Cash flow from operating activities was \$11.7 million for the fourth quarter of fiscal year 1998. Year-to-date cash flow from operating activities totals \$35.3 million. The combined cash and cash equivalent balance at the end of fiscal year 1998 was \$62.6 million.

“We have completed another solid quarter of strong revenue and earnings growth,” said William E. Fisher, chairman, chief executive officer and president of Transaction Systems Architects. “During the quarter we completed three acquisitions which will position us for the opportunities that are ahead in 1999 within their respective businesses.”

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 3,000 product systems in 70 countries on six continents.

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