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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 reported record revenues of \$69.1 million for the third quarter of fiscal year 1998 ending June 30, 1998, an increase of 25 percent over the same quarter last year.

Operating income was \$12.9 million for the quarter compared to an operating income of \$9.7 million for the same quarter last year, an increase of 34 percent. The company reported net income of \$8.4 million, \$.29 per share (diluted), for the current quarter as compared to \$6.3 million, \$.22 per share (diluted) in the third quarter 1997. Net income and earnings per share for the third quarter fiscal year 1998 increased 33 percent and 32 percent, respectively.

For the nine months ended June 30, 1998, revenues were \$194.4 million, compared to \$158.5 million, an increase of 23 percent over the same nine months last year. Operating income was \$36 million for the first nine months of the current year as compared to \$26.4

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million in the same nine months last year, an increase of 36 percent. Operating income for the nine months of 1997 included acquisition-related charges from the company's 1993

leveraged buyout totaling \$800 thousand. Without these charges, operating income on a pro forma basis was \$27.2 million for the nine months of 1997. On a comparable pro forma basis, operating income increased 32 percent in the nine months of the current year compared to last year.

Net income for the nine months of the current fiscal year was \$23.5 million, \$.81 per share (diluted) compared to \$16.1 million, \$.56 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 1997, the first nine months of fiscal year 1998 increase was 46 percent and 45 percent, respectively. Net income for the nine months of fiscal year 1997 included acquisition-related charges from the company's leveraged buyout totaling \$800 thousand. Without these charges, net income and earnings per share on a pro forma basis was \$16.9 million, \$.59 per share for the nine months of fiscal year 1997. On a comparable pro forma basis, net income and earnings per share increased 39 percent and 37 percent, respectively.

The company completed the quarter with \$167.5 million in backlog consisting of \$58.8 million in non-recurring revenue and \$108.7 million in recurring revenue. Backlog increased \$38.4 million, a 30 percent increase compared to June 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.

Cash flow from operating activities was \$9.8 million for the third quarter of fiscal year 1998. Year-to-date cash flow from operating activities totals \$21.7 million. The

combined cash and marketable securities balance at the end of June 1998 was \$53.6 million.

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“We have completed another strong quarter, with record revenues, operating margin and net income,” said William E. Fisher, chairman, chief executive officer and president of Transaction Systems Architects. “Our European and Americas channels had solid quarters, with growth of 35 percent and 25 percent, respectively. The strength in these channels continues to mitigate the impact of a flat Asia Pacific channel. With our worldwide distribution channels we are well positioned for the continued shift from paper to electronic payments around the world.”

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 69 countries on six continents.

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