

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **September 14, 2005**

Transaction Systems Architects, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction
of Incorporation)

0-25346
(Commission File No.)

47-0772104
(I.R.S. Employer
Identification No.)

224 South 108th Avenue, Omaha Nebraska 68154
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code:
(402) 334-5101

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On September 14, 2005, the Compensation Committee of the Board of Directors of the Company approved the form of LTIP Performance Shares Agreement attached as Exhibit 10.1 to this Current Report and incorporated herein by reference (the "LTIP Agreement"). The LTIP Agreement sets forth the terms of LTIP Performance Shares ("Performance Shares") that may be awarded under the Company's 2005 Equity and Performance Incentive Plan (the "2005 Plan") to key employees of the Company, including named executive officers of the Company ("NEOs").

Performance Shares are earned based upon the achievement, over a three-year period (the "Performance Period"), of performance goals relating to the following: (a) the compound annual growth over the Performance Period in the 60-month contracted backlog for the Company and all subsidiaries as determined by the Company, (b) the compound annual growth over the Performance Period in the diluted earnings per share as reported in the Company's financial statements, and (c) the compound annual growth over the Performance Period in the total revenues as reported in the Company's financial statements. Each of the performance goals will be weighted as follows:

<u>Performance Goal</u>	<u>Weighting</u>
60-Month Contracted Backlog	20%
Earnings Per Share	40%
Revenue	40%

In no event will any of the Performance Shares become earned if the Company's earnings per share is below a predetermined minimum threshold level at the conclusion of the Performance Period.

On September 14, 2005, the Compensation Committee of the Board of Directors of the Company granted awards of Performance Shares to, and the Company entered into an LTIP Agreement with, each of the following NEOs:

<u>Name</u>	<u>Number of Targeted Performance Shares (assumes 100% attainment of performance goals)</u>
Mark Vipond, Senior Vice President and President - ACI Worldwide	6,000
Anthony Parkinson, Senior Vice President and President – Insession Technologies	5,500

On September 14, 2005, the Compensation Committee of the Board of Directors of the Company also approved the 2006 Fiscal Year Management Incentive Compensation Plan (the “2006 MIC Plan”). Key employees of the Company, including NEOs, are eligible to receive an annual bonus under the 2006 MIC Plan; provided, however, that Gregory D. Derkacht will not participate in the 2006 MIC Plan during the term of his employment under the Fourth Amended and Restated Employment Agreement dated August 5, 2005 (the “Derkacht Employment Agreement”). A copy of the Derkacht Employment Agreement was previously filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K dated August 9, 2005. The amount of the annual bonus award under the 2006 MIC Plan will be based on, for NEOs who are senior corporate executives, the Company’s revenue, operating margin and recurring revenue, and for NEOs who are segment-level corporate executives, the Company’s revenue and operating margin, the relevant segment-level revenue and operating/contribution margin(s) and, in some cases, segment-level recurring revenue. Attached as Exhibit 10.2 to this Current Report is a description of the 2006 MIC Plan which is incorporated herein by reference.

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Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of LTIP Performance Shares Agreement
10.2	Description of the 2006 Fiscal Year Management Incentive Compensation Plan

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 20, 2005

TRANSACTION SYSTEMS ARCHITECTS, INC.

By: /s/ Dennis P. Byrnes
Name: Dennis P. Byrnes
Title: Senior Vice President

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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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TRANSACTION SYSTEMS ARCHITECTS, INC.

LTIP Performance Shares Agreement

(2005 Equity and Performance Incentive Plan)

This LTIP Performance Shares Agreement (this "Agreement") is made as of _____, 2005 between Transaction Systems Architects, Inc., a Delaware corporation (the "Corporation") and _____, an employee of the Corporation or its Subsidiaries (the "Grantee").

WHEREAS, the Board of Directors of the Corporation has duly adopted, and the stockholders of the Corporation have approved, the 2005 Equity and Performance Incentive Plan (the "Plan"), which authorizes the Corporation to grant to eligible individuals performance shares, each such performance share being equal in value to one share of the Corporation's common stock, par value of \$0.005 per share (the "Common Shares"); and

WHEREAS, the Board of Directors of the Corporation has determined that it is desirable and in the best interests of the Corporation and its stockholders to approve a long-term incentive plan in 2005 and, in connection therewith, to grant the Grantee a certain number of performance shares, in order to provide the Grantee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein and in the Plan.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto do hereby agree as follows:

1. **Grant of Performance Shares.**

- (a) Subject to the terms of the Plan, the Corporation hereby grants to the Grantee _____ performance shares (the "Performance Shares"), payment of which depends on the Corporation's performance as set forth in this Agreement and in the Statement of Performance Goals (the "Statement of Performance Goals") approved by the Compensation Committee of the Corporation's Board of Directors (the "Committee").
- (b) The Grantee's right to receive all or any portion of the Performance Shares will be contingent upon the achievement of certain management objectives (the "Management Objectives"), as set forth in the Statement of Performance Goals. The achievement of the Management Objectives will be measured during the period from [October 1, 20__ through September 30, 20__] (the "Performance Period").
- (c) The Management Objectives for the Performance Period will be based on Revenue (as defined in the Statement of Performance Goals) ("Revenue"), Earnings per Share (as defined in the Statement of Performance Goals) ("EPS")

and Backlog (as defined in the Statement of Performance Goals) ("Backlog"). Each of the Management Objectives will be weighted as follows:

- (i) forty percent (40%) of the total number of Performance Shares will be based on Revenue (the "Revenue Performance Shares");
- (ii) forty percent (40%) of the total number of Performance Shares will be based on EPS (the "EPS Performance Shares"); and
- (iii) twenty percent (20%) of the total number of Performance Shares will be based on Backlog (the "Backlog Performance Shares").

2. **Earning of Performance Shares.**

- (a) **Initial Hurdle.** Notwithstanding anything to the contrary contained in this Agreement or in the Statement of Performance Goals, in no event shall any Performance Shares become earned if upon the conclusion of the Performance Period actual performance relating to EPS is below threshold level as set forth in the Performance Matrix contained in the Statement of Performance Goals.
- (b) **The Revenue Performance Shares.**
 - (i) If, upon the conclusion of the Performance Period, Revenue falls below the threshold level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, none of the Revenue Performance Shares shall become earned.
 - (ii) If, upon the conclusion of the Performance Period, Revenue equals or exceeds the threshold level, but is less than the 100% target level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the Revenue Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.
 - (iii) If, upon the conclusion of the Performance Period, Revenue equals or exceeds the 100% target level, but is less than the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the Revenue Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.
 - (iv) If, upon the conclusion of the Performance Period, Revenue equals or exceeds the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, 150% of the Revenue Performance Shares shall become earned.

- (c) **The EPS Performance Shares.**

- (i) If, upon the conclusion of the Performance Period, EPS falls below the threshold level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, none of the EPS Performance Shares shall become earned.
 - (ii) If, upon the conclusion of the Performance Period, EPS equals or exceeds the threshold level, but is less than the 100% target level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the EPS Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.
 - (iii) If, upon the conclusion of the Performance Period, EPS equals or exceeds the 100% target level, but is less than the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the EPS Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.
 - (iv) If, upon the conclusion of the Performance Period, EPS equals or exceeds the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, 150% of the EPS Performance Shares shall become earned.
- (d) The Backlog Performance Shares.
- (i) If, upon the conclusion of the Performance Period, Backlog falls below the threshold level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, none of the Backlog Performance Shares shall become earned.
 - (ii) If, upon the conclusion of the Performance Period, Backlog equals or exceeds the threshold level, but is less than the 100% target level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the Backlog Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.
 - (iii) If, upon the conclusion of the Performance Period, Backlog equals or exceeds the 100% target level, but is less than the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, a proportionate number of the Backlog Performance Shares shall become earned, as determined by mathematical interpolation and rounded up to the nearest whole share.

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- (iv) If, upon the conclusion of the Performance Period, Backlog equals or exceeds the maximum level, as set forth in the Performance Matrix contained in the Statement of Performance Goals, 150% of the Backlog Performance Shares shall become earned.

- (e) Modification. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Corporation, the manner in which it conducts business or other events or circumstances render the Management Objectives to be unsuitable, the Committee may modify such Management Objectives or the related levels of achievement, in whole or in part, as the Committee deems appropriate; provided, however, that no such action may result in the loss of the otherwise available exemption of the award under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).
- (f) Conditions; Determination of Earned Award. Except as otherwise provided herein, the Grantee’s right to receive any Performance Shares is contingent upon his or her remaining in the continuous employ of the Corporation or a Subsidiary through the end of the Performance Period. For purposes of this Agreement, the continuous employ of the Grantee shall not be considered interrupted or terminated in the case of transfers between locations of the Corporation and its Subsidiaries. Following the Performance Period, the Committee (or the independent members of the Board of Directors) shall certify that the Management Objectives have been satisfied and shall determine the number of Performance Shares that shall have become earned hereunder. In all circumstances, the Committee (or the independent members of the Board of Directors) shall have the ability and authority to reduce, but not increase, the amount of Performance Shares that become earned hereunder.

3. Change in Control. If a Change in Control (as defined on Exhibit A to this Agreement) occurs following completion of the first full fiscal quarter of the Performance Period but before the payment of the Performance Shares as set forth in Section 7 below, the Corporation shall pay to the Grantee, as soon as practicable following the Change in Control, a number of Performance Shares equal to (i) the number of Performance Shares to which the Grantee would have been entitled under Section 2 above based on the performance of the Corporation during the full fiscal quarters completed during the Performance Period until the date of the Change in Control (and annualized based on the completed fiscal quarters for any partial years during the Performance Period), multiplied by (ii) a fraction, the numerator of which is the number of full fiscal quarters completed during the Performance Period until the date of the Change in Control and the denominator of which is 12.

4. Retirement, Disability, Death or Termination without Cause. If the Grantee’s employment with the Corporation or a Subsidiary terminates following completion of the first full fiscal quarter of the Performance Period but before the payment of the Performance Shares as set forth in Section 7 below due to (a) the Grantee’s retirement approved by the Corporation, (b) Disability, (c) death or (d) a termination by the Corporation without cause, the Corporation shall pay to the Grantee or his or her executor

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or administrator, as the case may be, as soon as practicable following such termination of employment, a number of Performance Shares equal to (i) the number of Performance Shares to which the Grantee would have been entitled under Section 2 above based on the performance of the Corporation during the full fiscal quarters completed during the Performance Period until the date of termination (and annualized based on the completed fiscal quarters for any partial years during the Performance Period), multiplied by (ii) a fraction, the numerator of which is the number of full fiscal quarters the Grantee was employed during the Performance Period and the denominator of which is 12. For purposes of this Agreement, “Disability” means the Grantee’s permanent and total disability as defined in Section 22(e)(3) of the Code.

5. **Other Termination.** If the Grantee's employment with the Corporation or a Subsidiary terminates before the payment of the Performance Shares as provided in Section 7 hereof for any reason other than as set forth in Section 4 above, the Performance Shares will be forfeited.
6. **Leaves of Absence.** If the Grantee was on short-term disability, long-term disability or unpaid leave of absence approved by the Corporation for more than 30 calendar days during any fiscal quarter during the Performance Period, the number of Performance Shares earned by the Grantee will be reduced such that the Grantee will only be entitled to (i) the number of Performance Shares to which the Grantee would have been entitled under Section 2 above based on the performance of the Corporation during the Performance Period, multiplied by (ii) a fraction, the numerator of which is the number of fiscal quarters the Grantee was employed during the Performance Period (excluding any fiscal quarters during which the Grantee was on a leave of absence for more than 30 calendar days) and the denominator of which is 12.
7. **Payment of Performance Shares.** Payment of any Performance Shares that become earned as set forth herein will be made in the form of Common Shares. Except as otherwise provided in Sections 3 and 4, payment will be made as soon as practicable after the receipt of audited financial statements of the Corporation relating to the last fiscal year of the Performance Period and the determination by the Committee (or the independent members of the Board of Directors) of the level of attainment of the Management Objectives, but in no event shall such payment occur after March 15, 2009. Performance Shares will be forfeited if they are not earned at the end of the Performance Period and, except as otherwise provided in this Agreement, if the Grantee ceases to be employed by the Corporation or a Subsidiary at any time prior to such shares becoming earned. To the extent that the Corporation or any Subsidiary is required to withhold any federal, state, local or foreign tax in connection with the payment of earned Performance Shares pursuant to this Agreement, it shall be a condition to the receipt of such Performance Shares that the Grantee make arrangements satisfactory to the Corporation or such Subsidiary for payment of such taxes required to be withheld. This tax withholding obligation shall be satisfied by the Corporation withholding Performance Shares otherwise payable pursuant to this award.
8. **Cash Dividends.** Cash dividends on the Performance Shares covered by this Agreement shall be sequestered by the Corporation from and after the Date of Grant until such time

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as any of such Performance Shares become earned in accordance with this Agreement, whereupon such dividends shall be converted into a number of Common Shares (based on the Market Value per Share on the date such Performance Shares become earned) to the extent such dividends are attributable to Performance Shares that have become earned. To the extent that Performance Shares covered by this Agreement are forfeited, all of the dividends sequestered with respect to such Performance Shares shall also be forfeited. No interest shall be payable with respect to any such dividends.

9. **Non-Assignability.** The Performance Shares and the Common Shares subject to this grant of Performance Shares are personal to the Grantee and may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee until they become earned as provided in this Agreement; provided, however, that the Grantee's rights with respect to such Performance Shares and Common Shares may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Section 9, shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Performance Shares or Common Shares.
10. **Adjustments.** In the event of any change in the number of Common Shares by reason of a merger, consolidation, reorganization, recapitalization, or similar transaction, or in the event of a stock dividend, stock split, or distribution to shareholders (other than normal cash dividends), the Committee shall adjust the number and class of shares subject to outstanding Performance Shares and other value determinations applicable to outstanding Performance Shares. No adjustment provided for in this Section 10 shall require the Corporation to issue any fractional share.
11. **Compliance with Section 409A of the Code.** To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Corporation without the consent of the Grantee). In particular, to the extent the Grantee has a right to receive payment pursuant to Sections 3 or 4 and the event triggering the right to payment does not constitute a permitted distribution event under Section 409A(a)(2) of the Code, then notwithstanding anything to the contrary in Sections 3, 4 or 7 above, issuance of the Common Shares will be made, to the extent necessary to comply with Section 409A of the Code, to the Grantee on the earlier of (a) the Grantee's "separation from service" with the Corporation (determined in accordance with Section 409A); provided, however, that if the Grantee is a "specified employee" (within the meaning of Section 409A), the Grantee's date of issuance of the Common Shares shall be the date that is six months after the date of the Grantee's separation of service with the Corporation; (b) the date the payment would otherwise occur under this Agreement; or (c) the Grantee's death. Reference to Section 409A of the Code will also include any proposed, temporary or final

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regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

12. **Miscellaneous.**
 - (a) The contents of this Agreement are subject in all respects to the terms and conditions of the Plan as approved by the Board of Directors and the stockholders of the Corporation, which are controlling. The interpretation and construction by the Board of Directors and/or the Committee of any provision of the Plan or this Agreement shall be final and conclusive upon the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns. Unless otherwise indicated, the capitalized terms used in this Agreement shall have the same meanings as set forth in the Plan.
 - (b) The grant of the Performance Shares is discretionary and will not be considered to be an employment contract or a part of the Grantee's terms and conditions of employment or of the Grantee's salary or compensation. The Grantee's acceptance of this grant constitutes the

Grantee's consent to the transfer of data and information from non-U.S. entities related to the Corporation concerning or arising out of this grant to the Corporation and to entities engaged by the Corporation to provide services in connection with this grant for purposes of any applicable privacy, information or data protection laws and regulations.

- (c) This Agreement, and the terms and conditions of the Plan, shall bind, and inure to the benefit of the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns.
- (d) This Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).
- (e) Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. The terms and conditions of this Agreement may not be modified, amended or waived, except by an instrument in writing signed by a duly authorized executive officer at the Corporation. Notwithstanding the foregoing, no amendment shall adversely affect the Grantee's rights under this Agreement without the Grantee's consent.

13. **Notices.** All notices under this Agreement to the Corporation must be delivered personally or mailed to the Corporation at its principal office, addressed to the attention of Stock Plan Administration. The Corporation's address may be changed at any time by written notice of such change to the Grantee. Also, all notices under this Agreement to the Grantee will be delivered personally or mailed to the Grantee at his or her address as shown from time to time in the Corporation's records.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Performance Shares Agreement, or caused this Performance Shares Agreement to be duly executed on their behalf, as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC.

By: _____
Name: _____
Title: _____

Grantee

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Exhibit A

For purposes of this Agreement, "Change in Control" means:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then-outstanding shares of common stock of the Corporation (the "Outstanding Corporation Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Corporation Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Corporation (excluding an acquisition by virtue of the exercise of a conversion privilege), (B) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation or (C) any acquisition by any corporation pursuant to a reorganization, merger or consolidation, if, following such reorganization, merger or consolidation, the conditions described in sub-clauses (i), (ii) and (iii) of clause (c) are satisfied; or

(b) if individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least two-thirds of the directors then constituting the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest subject to Rule 14a-11 of Regulation 14A promulgated under the Exchange Act or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) approval by the stockholders of the Corporation of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation (i) more than 60% of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such reorganization, merger, or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the resulting corporation owned by the Corporation's stockholders, but not from the total number of outstanding shares and voting securities of the resulting corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the

Corporation), (ii) no Person (excluding the Corporation, any employee benefit plan (or related trust) of the Corporation, any qualified employee benefit plan of such corporation resulting from such reorganization, merger or consolidation and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the Outstanding Corporation Common Stock or Outstanding Corporation Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation or (ii) the first to occur of (A) the sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation, or (B) the approval by the stockholders of the Corporation of any such sale or disposition, other than, in each case, any such sale or disposition to a corporation, with respect to which immediately thereafter, (1) more than 60% of, respectively, the then-outstanding shares of common stock of such corporation and the combined voting power of the then-outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be (for purposes of determining whether such percentage test is satisfied, there shall be excluded from the number of shares and voting securities of the transferee corporation owned by the Corporation's stockholders, but not from the total number of outstanding shares and voting securities of the transferee corporation, any shares or voting securities received by any such stockholder in respect of any consideration other than shares or voting securities of the Corporation), (2) no Person (excluding the Corporation and any employee benefit plan (or related trust) of the Corporation, any qualified employee benefit plan of such transferee corporation and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the Outstanding Corporation Common Stock or Outstanding Corporation Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of such transferee corporation and the combined voting power of the then-outstanding voting securities of such transferee corporation entitled to vote generally in the election of directors and (3) at least a majority of the members of the board of directors of such transferee corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the board providing for such sale or other disposition of assets of the Corporation.

DESCRIPTION OF THE COMPANY'S

2006 FISCAL YEAR MANAGEMENT INCENTIVE COMPENSATION PLAN

On September 14, 2005, the Compensation Committee of the Board of Directors of Transaction Systems Architects, Inc. (the "Company") approved the 2006 Fiscal Year Management Incentive Compensation Plan (the "2006 MIC Plan"). The 2006 MIC Plan will be implemented in the Company's 2006 fiscal year beginning October 1, 2005 and will apply to all of the Company's employees eligible for a management incentive bonus ("MIC Bonus").

The objective of the 2006 MIC Plan is to encourage certain management level personnel to contribute toward the attainment of the consolidated financial goals for fiscal year 2006 based on corporate, segment and/or channel specific targets, or specific individual performance attainment requirements. The MIC Bonus opportunity is based on targets for five periods (each a "target period") comprised of the Company's four fiscal quarters and its fiscal year end. If the minimum targets are not achieved for a target period, no MIC Bonus is paid for that period. Earned MIC Bonuses are paid quarterly, with the annual MIC Bonus paid at the same time as the fourth quarter payout. MIC Bonuses are paid in cash. A MIC Bonus payout may be more or less than 100% (up to a maximum of 200%) depending on the level of attainment as set forth in the table below:

Target Attainment Percentage	MIC Bonus Payout Percentage
91% Attainment	10%
95% Attainment	50%
100% Attainment	100%
105% Attainment	150%
108.33% Attainment	200%

A participant in the 2006 MIC Plan must be employed by the Company on the last day of the target period to be eligible to receive the MIC Bonus payout for the target period. If a participant's employment is terminated for any reason prior to the end of any target period, the participant will not be eligible to receive a MIC Bonus for that particular period or any subsequent target period.

The Company reserves the right at any time during the 2006 MIC Plan year to: (a) amend or terminate the plan in whole or in part, (b) revoke any eligible employee's right to participate in the 2006 MIC Plan, and (c) make adjustments to targets at any time during the 2006 MIC Plan year.

Under the 2006 MIC Plan, the annual bonus compensation for the senior corporate executives will be based on certain Company-level financial performance measures, and for the segment-level senior corporate executives, a combination of segment-level financial performance (or channel-level performance) and Company-level performance.

The table below summarizes the 2006 fiscal year Company-level and segment-level financial performance measures and the range of weighting for such performance measures:

Senior Corporate Executives

Performance Measure	Performance Measure Weighting Range
Company-Level Performance Measures:	
• Revenue	12.5% - 30%
• Operating Margin	12.5% - 40%
• Recurring Revenue	0% - 30%
Segment-Level Performance Measures:	
• Segment (Channel) Revenue	20% - 25%
• Segment (Channel) Operating/Contribution Margin	10% - 30%
• Segment (Channel) Recurring Revenue	0% - 30%

For the other participants in the 2006 MIC Plan (excluding senior corporate executives), the annual bonus compensation will be based on a combination of some or all of the following: Company-level financial performance measures, segment-level (or channel-level) financial performance measures and specific targets for the individual which will be set by their direct managers. The weighting of the performance measures will vary for the other 2006 MIC Plan participants depending on the respective business segment in which they are employed.
