

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE TO

(RULE 14d-100)

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934

TRANSACTION SYSTEMS ARCHITECTS, INC.
(Name of Subject Company (Issuer) and Filing Person (Offeror))

OPTIONS TO PURCHASE CLASS A COMMON STOCK, PAR VALUE \$0.005 PER SHARE,
GRANTED TO ELIGIBLE EMPLOYEES AND ELIGIBLE DIRECTORS UNDER THE
ACI HOLDING, INC. 1994 STOCK OPTION PLAN AND
THE TRANSACTION SYSTEMS ARCHITECTS, INC.
1996 STOCK OPTION PLAN AND 1999 STOCK OPTION PLAN
(Title of Class of Securities)

893416107
(CUSIP Number of Class of Securities)

David P. Stokes
Vice President - Legal and Secretary
Transaction Systems Architects, Inc.
224 South 108th Avenue
Omaha, Nebraska 68154
(402) 334-5101

(Name, Address and Telephone Number of Person Authorized to Receive
Notices and Communications on Behalf of Filing Person)

Copy to:

Albert G. McGrath, Jr.
Baker & McKenzie
2001 Ross Avenue, Suite 2300
Dallas, Texas 75201
(214) 978-3000

CALCULATION OF FILING FEE

TRANSACTION VALUATION*	AMOUNT OF FILING FEE
\$ 25,136,005	\$ 5,027

* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 3,160,209 shares of Class A Common Stock, par value \$0.005 per share, of Transaction Systems Architects, Inc. having a weighted average exercise price of \$22.149 will be exchanged pursuant to this tender offer. The amount of the filing fee, calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, equals 1/50th of one percent of the value of the transaction.

Check box if any part of the fee is offset as provided by Rule 0-11(a) (2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not Applicable Filing party: Not Applicable

Form or Registration No.: Not Applicable Date Filed: Not Applicable

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer.

ITEM 1. SUMMARY TERM SHEET.

The information set forth under "Summary Term Sheet" in the Offer to Exchange, dated August 1, 2001 (the "Offer to Exchange"), attached hereto as Exhibit (a)(1), is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION.

(a) The name of the issuer is Transaction Systems Architects, Inc., a Delaware corporation ("TSA" or the "Company"), the address of its principal executive offices is 224 South 108th Avenue, Omaha, Nebraska 68154, and the telephone number of its principal executive offices is (402) 334-5101. The information set forth in the Offer to Exchange under Section 9 ("Information Concerning TSA") is incorporated herein by reference.

(b) This Tender Offer Statement on Schedule TO relates to an offer by the Company to exchange eligible options granted to "eligible employees" and "eligible directors" (as such terms are defined in the Offer to Exchange) for new options to purchase shares of Class A Common Stock, par value \$0.005 per share, of the Company (the "Common Stock"), to be granted under the Option Plans (as defined in the Offer to Exchange), upon the terms and subject to the conditions described in the Offer to Exchange and the related cover letter and acceptance letter (the "Acceptance Letter") (which together and, where applicable, with any other country specific documents provided by the Company, as they may be amended from time to time, shall constitute the "Offer"), attached hereto as Exhibit (a)(2).

The information set forth in the Offer to Exchange under "Summary Term Sheet," "Introduction," Section 1 ("Eligible Employees, Eligible Directors, and Eligible Options"), Section 5 ("Acceptance of Eligible Options for Exchange and Issuance of New Options") and Section 8 ("Source and Amount of Consideration; Terms of New Options") is incorporated herein by reference.

(c) The information set forth in the Offer to Exchange under Section 7 ("Price Range of Common Stock Underlying the Options") is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.

The information set forth under Item 2(a) above is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

(a) The information set forth in the Offer to Exchange under "Summary Term Sheet," "Introduction," Section 1 ("Eligible Employees, Eligible Directors, and Eligible Options"), Section 3 ("Procedures for Tendering Options"), Section 4 ("Withdrawal Rights"), Section 5 ("Acceptance of Eligible Options for Exchange and Issuance of New Options"), Section 6 ("Conditions of the Offer"), Section 8 ("Source and Amount of Consideration; Terms of New Options"), Section 11 ("Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer"), Section 12 ("Legal Matters; Regulatory Approvals"), Section 13 ("Material U.S. Federal Income and Other Tax Consequences") and Section 14 ("Extension of Offer; Termination; Amendment") is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") is incorporated herein by reference.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND ARRANGEMENTS.

The information set forth in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") is incorporated herein by reference.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

(a) The information set forth in the Offer to Exchange under Section 2 ("Purpose of the Offer") is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 5 ("Acceptance of Eligible Options for Exchange and Issuance of New Options") and Section 11 ("Status of Options Acquired by Us in the Offer; Accounting Consequences of the Offer") is incorporated herein by reference.

(c) Except as set forth in the Offer to Exchange under Section 9 ("Information Concerning TSA") and Section 16 ("Additional Information"), the Company does not have any plans, proposals or negotiations that relate or would result in any of the events described in Item 1006(c) of Regulation M-A.

ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a) The information set forth in the Offer to Exchange under Section 8 ("Source and Amount of Consideration; Terms of New Options") and Section 15 ("Fees and Expenses") is incorporated herein by reference.

(b) The information set forth in the Offer to Exchange under Section 6 ("Conditions of the Offer") is incorporated herein by reference.

(c) Not applicable.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) Not applicable.

(b) The information set forth in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") is incorporated herein by reference.

ITEM 9. PERSON/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.

Not applicable.

ITEM 10. FINANCIAL STATEMENTS.

The information set forth in the Offer to Exchange under Section 9 ("Information Concerning TSA") and Section 16 ("Additional Information"), the information set forth on pages 35 to 56 of the Company's Annual Report on Form 10-K for its fiscal year ended September 30, 2000, and the information set forth in the Company's Quarterly Reports on Form 10-Q for its fiscal quarters ended December 31, 2000 and March 31, 2001 is incorporated herein by reference.

ITEM 11. ADDITIONAL INFORMATION.

(a) The information set forth in the Offer to Exchange under Section 10 ("Interests of Directors and Officers; Transactions and Arrangements Concerning the Options") and Section 12 ("Legal Matters; Regulatory Approvals") is incorporated herein by reference.

(b) Not applicable.

ITEM 12. EXHIBITS.

- (a)
 - (1) Offer to Exchange, dated August 1, 2001.
 - (2) Form of Acceptance Letter.
 - (3) Form of Withdrawal Letter.
 - (4) Cover Letter to Option Holders Accompanying Offer to Exchange.
 - (5) Addendum for Employees in Australia.
 - (6) Addendum for Employees in Canada.
 - (7) Addendum for Employees in Singapore.
 - (8) Addendum for Employees in The Netherlands.

(b) Not applicable.

- (d)
 - (1) ACI Holding, Inc. 1994 Stock Option Plan.
 - (2) Form of Option Agreement pursuant to ACI Holding, Inc. 1994 Stock Option Plan.
 - (3) Transaction Systems Architects, Inc. 1996 Stock Option Plan.
 - (4) Form of Option Agreement pursuant to Transaction Systems Architects, Inc. 1996 Stock Option Plan.
 - (5) Transaction Systems Architects, Inc. 1999 Stock Option Plan, as amended.
 - (6) Form of Option Agreement pursuant to Transaction Systems Architects, Inc. 1999 Stock Option Plan, as amended.
 - (7) Form of Modifications to International Stock Option Agreements.

(g) Not applicable.

(h) Not applicable.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

TRANSACTION SYSTEMS ARCHITECTS, INC.

/S/ DWIGHT G. HANSON

Dwight G. Hanson,
Chief Financial Officer and Senior Vice President

DATE: August 1, 2001

INDEX TO EXHIBITS

EXHIBIT
NUMBER
DESCRIPTION

(a)(1) Offer to Exchange, dated August 1, 2001. (a)
(2) Form of Acceptance Letter. (a)
(3) Form of Withdrawal Letter. (a)
(4) Cover Letter to Option Holders
Accompanying Offer to Exchange. (a)
(a)(5) Addendum to Employees in Australia. (a)
(a)(6) Addendum to Employees in Canada. (a)
(7) Addendum to Employees in Singapore. (a)
(a)(8) Addendum to Employees in The Netherlands. (d)
(d)(1) ACI Holding, Inc. 1994 Stock Option Plan. (d)
(d)(2) Form of Option Agreement pursuant to ACI Holding, Inc. 1994 Stock Option Plan. (d)
(d)(3) Transaction Systems Architects, Inc. 1996

Stock Option
Plan. (d)(4)
Form of
Option
Agreement
pursuant to
Transaction
Systems
Architects,
Inc. 1996

Stock Option
Plan. (d)(5)
Transaction
Systems
Architects,
Inc. 1999

Stock Option
Plan, as
amended. (d)

(6) Form of
Option
Agreement
pursuant to
Transaction
Systems
Architects,
Inc. 1999

Stock Option
Plan, as
amended. (d)

(7) Form of
Modifications
to
International
Stock Option
Agreements.

TRANSACTION SYSTEMS ARCHITECTS, INC.

OFFER TO EXCHANGE OPTIONS UNDER THE
ACI HOLDING, INC. 1994 STOCK OPTION PLAN AND THE
TRANSACTION SYSTEMS ARCHITECTS, INC.
1996 STOCK OPTION PLAN AND 1999 STOCK OPTION PLAN
FOR NEW OPTIONS

THIS OFFER AND WITHDRAWAL RIGHTS EXPIRE

AT 11:59 P.M., OMAHA, NEBRASKA TIME, ON AUGUST 28, 2001,

UNLESS TRANSACTION SYSTEMS ARCHITECTS, INC. EXTENDS THE OFFER

Transaction Systems Architects, Inc. (which may be referred in this offer as "we" "us" or "TSA") is offering to exchange all outstanding options to purchase shares of our Class A common stock ("common stock") granted under the ACI Holding, Inc. 1994 Stock Option Plan (the "1994 Option Plan"), the Transaction Systems Architects, Inc. 1996 Stock Option Plan (the "1996 Option Plan"), and the Transaction Systems Architects, Inc. 1999 Stock Option Plan (the "1999 Option Plan") that are held by eligible employees or eligible directors for new options under the same option plan as the options that are tendered. The 1994 Option Plan, the 1996 Option Plan, and the 1999 Option Plan are referred to collectively as the Option Plans and each individually as an Option Plan. An "eligible employee" refers to all of our employees and employees of our subsidiaries who are actively employed or on an authorized leave of absence from August 1, 2001 continuously through the grant date of the new options and otherwise meet the eligibility requirements described in this offer. Unless otherwise required by law, to be an eligible employee with respect to options under the 1996 Option Plan you also must be employed at least 30 hours per week and under the 1999 Option Plan you also must be employed at least 20 hours per week. Eligible employees do not include employees who, before expiration of the offer, resign, retire, die, are involuntarily terminated, or give or receive any notice of resignation, retirement or termination. Employees who are eligible for purposes of tendering eligible options must also satisfy certain eligibility requirements at the grant date of the new options to be entitled to receive a new grant. An "eligible director" refers to all persons who are our directors from August 1, 2001 continuously through the grant date of the new options.

We are making this offer upon the terms and subject to the conditions set forth in this offer to exchange and in the related acceptance letter (which together, as they may be amended or supplemented from time to time, constitute the "offer"). The number of shares of common stock subject to new options to be granted to each option holder will be equal to the number of shares subject to the eligible options tendered by such option holder and accepted for exchange. We will grant the new options on or about the first business day that is at least six months and one day following the date we cancel the options accepted for exchange. You may only tender options for all or none of the shares of common stock currently subject to an option grant. If you tender an option grant for exchange, you will be required to also tender all subsequent option grants with a lower exercise price that you received during the six months immediately prior to the date we cancel options accepted for exchange. If you have not received any options within the last six months, you will not be required to tender any options pursuant to the foregoing sentence.

This offer is not conditioned upon a minimum number of options being tendered. This offer is subject to conditions that we describe in Section 6 of this offer to exchange.

If you tender eligible options for exchange, we will grant you new options under the same Option Plan as the options you tender and we will enter into a new option agreement with you, all as more fully described in the offer. The exercise price of the new options will equal the fair market value of our common stock on the grant date of the new options. The new options, unlike the options you tender for exchange (which generally vest 1/48 per month from the date of grant if under the 1994 Option Plan, 25% annually on each anniversary of the grant date if under the 1996 Option Plan, and one third on each anniversary of the grant date if under the 1999 Option Plan), will have a vesting schedule of 1/18 per month beginning on the grant date of the new options, except that if executive officers tender

options under the 1994 Option Plan, their new options will vest 25% annually on each anniversary of the grant date of the new options.

ALTHOUGH OUR BOARD OF DIRECTORS HAS APPROVED THIS OFFER, NEITHER WE NOR OUR BOARD OF DIRECTORS MAKES ANY RECOMMENDATION AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR OPTIONS FOR EXCHANGE. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR OPTIONS.

Shares of our common stock are quoted on the Nasdaq National Market

under the symbol "TSAI." On July 31, 2001, the last reported sale price of the common stock on the Nasdaq National Market was \$11.20 per share. WE RECOMMEND THAT YOU OBTAIN CURRENT MARKET QUOTATIONS FOR OUR COMMON STOCK BEFORE DECIDING WHETHER TO TENDER YOUR OPTIONS.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE SEC PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

You should direct questions about this offer or requests for assistance or for additional copies of the offer to exchange or the acceptance letter to:

Eric Nipp
Transaction Systems Architects, Inc.
224 South 108th Avenue
Omaha, Nebraska 68154
Telephone No: (402) 778-1911
E-mail Address: nippe@tsainc.com

IMPORTANT

If you wish to tender your options for exchange, you must complete and sign the acceptance letter in accordance with its instructions, and deliver the acceptance letter and any other required documents to us by external mail to:

Mary Ramsdell
Transaction Systems Architects, Inc.
224 South 108th Avenue
Omaha, Nebraska 68154

We recommend that you use a courier service or registered mail with return receipt requested. Delivery by facsimile, e-mail or any form of interoffice mail will NOT be accepted.

We are not making this offer to, nor will we accept any tender of options from or on behalf of, option holders in any jurisdiction in which the offer or the acceptance of any tender of options would not be in compliance with the laws of such jurisdiction or would cause undue administrative burden. However, we may, at our discretion, take any actions necessary for us to make this offer to option holders in any jurisdiction.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF. AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR OPTIONS PURSUANT TO THE OFFER, YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED ACCEPTANCE LETTER. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU MUST NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

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SUMMARY TERM SHEET

The following are answers to some of the questions that you may have about this offer. We urge you to read carefully the remainder of this offer to exchange and the accompanying acceptance letter because the information in this summary is not complete and additional important information is contained in the remainder of this offer to exchange and the acceptance letter. We have included page references to the remainder of this offer to exchange where you can find a more complete description of the topics in this summary.

o WHY ARE WE MAKING THE OFFER?

The Option Plans are intended to provide retention and performance incentives for employees and directors. The vast majority of our outstanding options, whether or not they are currently exercisable, have exercise prices that are significantly higher than the current market price of our common stock. We believe these options are unlikely to be exercised in the foreseeable future. By making this offer to exchange outstanding options for new options that will (1) have an exercise price equal to the fair market value of our common stock on the date that we grant new options and (2) begin vesting one month after the grant date, we intend to provide our employees and directors with the benefit of owning options that over time may have a greater potential to increase in value, create better retention and performance incentives for those individuals and thereby maximize stockholder value. (Page 8).

o WHAT SECURITIES ARE WE OFFERING TO EXCHANGE?

We are offering to exchange all eligible stock options that are outstanding under the 1994 Option Plan, 1996 Option Plan and 1999 Option Plan held by eligible employees or eligible directors, or any lesser number of eligible options that option holders properly tender in the offer, for new options under the same Option Plan as the options which are tendered. Options issued under any of our other plans are not eligible for the offer. (Page 7).

o WHO QUALIFIES AS AN ELIGIBLE EMPLOYEE OR ELIGIBLE DIRECTOR?

An "eligible employee" is an employee of TSA or one of its subsidiaries who is actively employed or on an authorized leave of absence from August 1, 2001 continuously through the grant date of the new options and otherwise meets the eligibility requirements described in this offer. (Page 7). To be an eligible employee with respect to options under the 1996 Option Plan you also must be employed at least 30 hours per week and under the 1999 Option Plan you also must be employed at least 20 hours per week. However, "eligible employees" do not include employees who, before the expiration of the offer, resign, retire, die, are involuntarily terminated, or give or receive any notice of resignation, retirement or termination. Further, employees who are eligible for purposes of tendering eligible options must also satisfy certain eligibility requirements at the grant date of the new options to be entitled to receive a new grant. An "eligible director" is any person who is a director of TSA from August 1, 2001 continuously through the grant date of the new options.

o WHY DON'T WE SIMPLY REPRICE THE CURRENT OPTIONS?

"Repricing" existing options would result in variable accounting for such options, which would require us, for financial reporting purposes, to record additional compensation expense each quarter until such repriced options are exercised, cancelled or expired. Additional compensation expense would reduce our future earnings, which could have a negative impact on our future stock price.

o WHAT ARE THE CONDITIONS TO THE OFFER?

The offer is not conditioned upon a minimum number of options being tendered. However, the offer is subject to a number of other conditions with regard to events that could occur prior to the expiration of the offer. These events include, but are not necessarily limited to, a change in accounting principles, a lawsuit challenging the exchange offer, a third-party tender offer for our common stock, or an acquisition proposal. These and various other conditions are more fully described in Section 6. (Page 10). Additionally, any change in your employment status or status as a director could result in you not receiving a grant of new options. (Page 7).

o ARE THERE ANY ELIGIBILITY REQUIREMENTS I MUST SATISFY AFTER THE EXPIRATION DATE OF THE OFFER (CURRENTLY SCHEDULED TO OCCUR AUGUST 28, 2001) TO RECEIVE THE NEW OPTIONS?

To be entitled to receive a grant of new options pursuant to the offer and under the terms of the Option Plans, you must be an eligible employee or eligible director of TSA or one of our subsidiaries from August 1, 2001 continuously through the date we grant the new options. To be an eligible employee with respect to options under the 1996 Option Plan you must also be employed at least 30 hours per week and under the 1999 Option Plan you must also be employed at least 20 hours per week.

As discussed below, we will not grant the new options until on or about the first business day that is at least six months and one day following the date we cancel the options accepted for exchange. IF, FOR ANY REASON, YOU ARE NOT AN ELIGIBLE EMPLOYEE OR ELIGIBLE DIRECTOR OF TSA OR ONE OF OUR SUBSIDIARIES FROM AUGUST 1, 2001 CONTINUOUSLY THROUGH THE DATE WE GRANT THE NEW OPTIONS, YOU WILL NOT RECEIVE ANY NEW OPTIONS OR ANY OTHER CONSIDERATION IN EXCHANGE FOR YOUR TENDERED OPTIONS THAT WE HAVE ACCEPTED FOR EXCHANGE. PARTICIPATION IN THE OFFER DOES NOT CONFER UPON YOU THE RIGHT TO REMAIN AN EMPLOYEE OR A DIRECTOR OF TSA OR ANY OF OUR SUBSIDIARIES. (Page 7).

Accordingly, to be entitled to receive the new options, you must be actively employed, on an approved leave of absence, or serving as a director from August 1, 2001 continuously through the grant date of the new options and not have received or given notice of resignation, retirement or termination.

o ARE CURRENTLY ACTIVE EMPLOYEES LOCATED OUTSIDE THE UNITED STATES ELIGIBLE TO PARTICIPATE?

Currently active employees located outside the United States holding eligible options may participate in the offer, provided they otherwise meet the eligibility requirements described in this offer. Special considerations may apply to employees located outside the United States. In some countries, the application of local rules may have important consequences to those employees. We are not making this offer to, nor will we accept any tender of options from or on behalf of, option holders in any jurisdiction in which the offer or the acceptance of any tender of options would not be in compliance with the laws of such jurisdiction or would cause undue administrative burden. However, we may, at our discretion, take any actions necessary for us to make this offer to option holders in any jurisdiction. We have distributed with this offer short summaries of some of these consequences with respect to some of the countries where our non-U.S. employees are located. If you are an employee located outside the United States, you should review these summaries and consult your individual tax, legal and investment advisors. You should also consult your individual tax, legal and investment advisors if you have changed the country of your residence or the country in which you perform services for us since the grant date of your currently outstanding options. (Page 15).

o HOW MANY NEW OPTIONS WILL I RECEIVE IN EXCHANGE FOR MY TENDERED OPTIONS?

We will grant you new options to purchase a number of shares of our common stock equal to the number of shares of common stock subject to the options you tender that we accept for exchange. All new options will be granted under the same Option Plan as the options you tender and will be subject to the terms and conditions of that Option Plan and a new option agreement between you and us. The new option agreement will be in substantially the same form as the option agreement or agreements for your current options, except for changes to the exercise price, the vesting schedule, and the expiration date resulting from the grant of new options. We intend to further modify the form of option agreements to be issued in foreign jurisdictions in connection with the grant of new options to comply as required with foreign laws. (Page 12).

o IF I CHOOSE TO TENDER OPTIONS FOR EXCHANGE, DO I HAVE TO TENDER ALL MY OPTIONS?

You must tender all of the outstanding options for each grant that you intend to tender. We are not accepting partial tenders of options currently subject to an option grant. For example, if you hold an option to purchase 1,000 shares of common stock at an exercise price of \$30.00 per share, you must either tender all or none of such options; you cannot tender only part of the option and retain the remainder of the option. Also, if you were previously granted an option to purchase 1,000 shares of common stock and subsequently exercised your option to purchase 200 shares, you

must tender all or none of the remaining option to purchase 800 shares. On the other hand, if you have multiple option grants, you may choose not to tender all of your grants. You will, however, be subject to a "six month look-back" that will require you to tender all option grants that you

received during the six months immediately prior to the date we cancel the options accepted for exchange if those grants were made subsequent to, and have an exercise price lower than the exercise price of, the grant(s) that you tender. For example, if you received an option grant in February 2001 with an exercise price of \$20.00 per share and a grant in April 2001 with an exercise price of \$15.00 and you wanted to tender your February 2001 option grant, you would also be required to tender your April 2001 grant for exchange. If you tender for exchange any option grant, you will automatically be deemed to have tendered all option grants subject to the "six month look-back" for exchange and cancellation. If you have not received any option grants within the last six months, the "six month look-back" rule is not applicable to you. (Page 7).

o WHEN WILL THE NEW OPTIONS BE GRANTED?

We will grant the new options on or about the first business day that is at least six months and one day after the date we cancel the options accepted for exchange. If we cancel tendered options on August 29, 2001, the business day following the scheduled expiration date, the grant date of the new options will be on or about March 4, 2002.

o WHY WON'T I RECEIVE MY NEW OPTIONS IMMEDIATELY AFTER THE EXPIRATION DATE OF THE OFFER?

If we were to grant the new options on any date that is earlier than six months and one day after the date we cancel the options accepted for exchange, we would be required to record compensation expense against our earnings for financial reporting purposes. Compensation expenses would reduce our reported earnings, which could have a negative impact on our future stock price. By deferring the grant of the new options for at least six months and one day, we believe we will not be required to record such compensation expense. (Page 19).

o WHAT WILL THE EXERCISE PRICE OF THE NEW OPTIONS BE?

The exercise price of the new options will equal the fair market value of our common stock on the date we grant the new options. We expect that this will be determined based upon the closing bid price of our common stock on the Nasdaq National Market on the date we grant the new options. Accordingly, we cannot predict the exercise price of the new options. BECAUSE WE WILL NOT GRANT NEW OPTIONS UNTIL AT LEAST SIX MONTHS AND ONE DAY AFTER THE DATE WE CANCEL THE OPTIONS ACCEPTED FOR EXCHANGE, IT IS POSSIBLE THAT THE NEW OPTIONS MAY HAVE A HIGHER EXERCISE PRICE THAN SOME OR ALL OF YOUR CURRENT OPTIONS. WE RECOMMEND THAT YOU OBTAIN CURRENT MARKET QUOTATIONS FOR OUR COMMON STOCK BEFORE DECIDING WHETHER TO TENDER YOUR OPTIONS. (Page 13). Information regarding our stock price is set forth on page 12.

o HOW CAN I FIND OUT THE DETAILS OF MY OUTSTANDING OPTIONS THAT ARE ELIGIBLE FOR THIS OFFER?

As soon as practicable after the date of this offer, we will deliver to each employee and director a report of option grant history for that individual. You should refer to that report for details of your outstanding options. If you do not receive a copy of your most recent report, you should contact us in the manner described under the Question "WHO CAN I TALK TO IF I HAVE QUESTIONS ABOUT THE OFFER?"

o WILL THE TERMS OF THE NEW OPTIONS BE THE SAME AS THE TERMS OF THE OPTIONS TENDERED FOR EXCHANGE?

The new options will be issued under the same Option Plan as the eligible options tendered for exchange and will be issued pursuant to an option agreement substantially similar to the option agreements pursuant to which the options tendered for exchange were issued. Accordingly, the terms of the new options will be the same as the terms of the options tendered for exchange, except as follows:

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o EXERCISE PRICE. Although the method for determining the exercise price of the new options is generally the same as the method used for determining the exercise price of the options tendered for exchange (i.e., based on the fair market value of our common stock on the date of grant), it is likely that the exercise price of the new options will be different from the exercise price of the tendered options.

o VESTING. The options tendered for exchange generally vest 1/48 per month from the date of grant if under the 1994 Option Plan, 25% annually on each anniversary of the grant date if under the 1996 Option Plan, and one third on each anniversary of the grant date if under the 1999 Option Plan. The new options will have a vesting schedule of 1/18 per month that begins on the grant date of the new options, except that if executive officers tender options under the 1994 Option Plan, their new options will vest 25% annually on each anniversary

of the grant date of the new options.

- o TERM. While the expiration date of both the new options and the options tendered for exchange is ten years from the date of grant, the new options will expire on a later date than the tendered options would have expired because they will be granted on a later date. (Page 13).

o WHEN WILL THE NEW OPTIONS VEST?

The new options, unlike the outstanding options (which generally vest 1/48 per month from the date of grant if under the 1994 Option Plan, 25% annually on each anniversary of the grant date if under the 1996 Option Plan, and one third on each anniversary of the grant date if under the 1999 Option Plan) will have a vesting schedule of 1/18 per month that begins on the grant date of the new options, except that if executive officers tender options under the 1994 Option Plan, their new options will vest 25% annually on each anniversary of the grant date of the new options. That means that except for new options granted to executive officers under the 1994 Option Plan, the new option grant will (1) become exercisable in 18 equal monthly installments after the grant date of the new options and (2) assuming we grant the new options on or about March 4, 2002, be fully exercisable on or about September 4, 2003, subject to the terms and conditions of the applicable Option Plan and your option agreement. No portion of the new options we grant will be immediately exercisable, even if the options you tender for exchange are or were scheduled to become exercisable. The 18 month vesting schedule of the new options will not begin until the grant date of those options. Therefore, while the new options begin vesting following the first month after the new grant date, you will lose the benefits of any vesting under options you tender in the offer. (Page 13).

o WILL I HAVE TO PAY TAXES IF I EXCHANGE MY OPTIONS IN THE OFFER?

If you exchange your current options for new options, we believe you will not be required under current law to recognize income for U.S. federal income tax purposes at the time of the exchange. Further, at the date of grant of the new options, we believe you will not be required under current law to recognize income for U.S. federal income tax purposes. We strongly recommend that you consult with your own tax advisor to determine the tax consequences of tendering options pursuant to the offer. We have distributed with this offer short summaries of some of these consequences with respect to some of the countries where our non-U.S. employees are located. If you are an employee located outside the United States, you should review these summaries and consult your individual tax, legal and investment advisors. You should also consult your individual tax, legal and investment advisors if you have changed your country of residence or the country in which you perform services for us since the grant date of your outstanding options. (Page 15).

o WHAT HAPPENS TO OPTIONS THAT I CHOOSE NOT TO TENDER OR THAT ARE NOT ACCEPTED FOR EXCHANGE?

Nothing, assuming you are not required to tender such options pursuant to the "six month look-back." If you have not received any options within the last six months, the "six month look-back" rule is not applicable to you. Options that you choose not to tender for exchange or that we do not accept for exchange remain outstanding and retain their current exercise price and current vesting schedule. You may exercise vested options in accordance with the applicable Option Plan.

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o HOW LONG DO I HAVE TO DECIDE WHETHER TO TENDER OPTIONS IN THE OFFER? CAN THE OFFER BE EXTENDED, AND IF SO, HOW WILL I BE NOTIFIED IF IT IS EXTENDED?

You have until 11:59 p.m., Omaha, Nebraska time, on August 28, 2001 to tender, and for us to receive, properly completely, a duly executed acceptance letter and any other documents required by your acceptance letter.

We may, in our discretion, extend the offer at any time, but we cannot assure you that the offer will be extended or, if extended, for how long. If we extend the offer, we will make an announcement of the extension no later than 9:00 a.m., Omaha, Nebraska time, on the next business day following the previously scheduled expiration date. If we extend the offer, we may delay the acceptance of any options that have been tendered. (Page 21). If the offer is extended, then the cancellation date for tendered eligible options accepted for exchange and the grant date for new options may be extended to avoid the possibility that we would have to recognize any charges in our financial statements that would reduce our reported earnings.

o HOW DO I TENDER MY OPTIONS?

If you decide to tender your options, you must deliver and we must receive before the offer expires, a properly completed and duly executed acceptance letter and any other documents required by the acceptance letter to Mary Ramsdell, Transaction Systems Architects, Inc., 224 South 108th Avenue, Omaha, Nebraska 68154. For your tender of eligible options to be effective, we

must receive the executed acceptance letter and other required documents, before 11:59 p.m., Omaha, Nebraska time, on August 28, 2001 (or before any extended expiration date for the offer). We will only accept delivery of the signed acceptance letter and other documents required by the acceptance letter by external mail. We recommend that you use a courier service or registered mail with return receipt requested. Delivery by facsimile, e-mail or any form of interoffice mail will NOT be accepted. (Page 8).

o DURING WHAT PERIOD OF TIME MAY I WITHDRAW PREVIOUSLY TENDERED OPTIONS?

You may withdraw your tendered options at any time before the offer expires. You must withdraw all tendered options because we are not accepting withdrawals of only a portion of your tendered options. To withdraw tendered options, we must receive at the address listed above while you still have the right to withdraw the tendered options, your withdrawal letter with the required information. As in the case of delivery of the acceptance letter, you must deliver the signed withdrawal letter to us at Transaction Systems Architects, Inc., 224 South 108th Avenue, Omaha, Nebraska 68154, Attn: Mary Ramsdell, by external mail. Once you have withdrawn options, you may re-tender options only by again following the delivery procedures described above. (Page 9).

o WHAT HAPPENS IF WE MERGE INTO OR ARE ACQUIRED BY ANOTHER COMPANY?

Under the 1999 Option Plan and the 1996 Option Plan, in the event of any offer to holders of TSA common stock relating to the acquisition of their shares through purchase, merger or otherwise, or an acquisition of substantially all of the assets or business of TSA, then the compensation committee may make such adjustments as it deems equitable in respect of the outstanding options granted under the 1999 Option Plan and 1996 Option Plan including the revision or cancellation of the options. Under the 1994 Option Plan, in the event of (1) a merger, consolidation or reorganization of TSA with one or more other corporations in which the TSA is not the surviving corporation, (2) a sale of substantially all of the assets of TSA, or (3) any transaction approved by our board of directors which results in any person other than an affiliate owning 80 percent or more of the combined voting power of all classes of TSA stock, then the 1994 Option Plan and all options granted under that plan will terminate, except to the extent provision is made in writing in connection with such transaction for the continuation of the plan or the assumption of the outstanding options, or for the substitution of new options covering the stock of a successor. In the event of any such termination of the 1994 Option Plan, each individual holding an option granted under that plan will have the right, subject to limitations on exercise set forth in the 1994 Option Plan, immediately prior to the occurrence of such termination and during a period of at least thirty days prior to termination of the plan, to exercise the option.

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o WHAT DO WE AND OUR BOARD OF DIRECTORS THINK OF THE OFFER?

Although our board of directors has approved this offer, neither we nor our board of directors makes any recommendation as to whether or not you should tender your options. You must make your own decision whether to tender options. For questions regarding tax implications or other investment-related questions, you should talk to your own legal counsel, accountant and/or financial advisor.

o WHAT ARE SOME OF THE KEY DATES TO REMEMBER?

The commencement date of the offer is August 1, 2001.

The offer expires at 11:59 p.m., Omaha, Nebraska time, on August 28, 2001.

The new options will be granted on or about the first business day that is at least six months and one day after the date we cancel the options accepted for exchange.

o WHO CAN I TALK TO IF I HAVE QUESTIONS ABOUT THE OFFER?

For additional information or assistance, you should contact Eric Nipp, Transaction Systems Architects, Inc., 224 South 108th Avenue, Omaha, Nebraska 68154 (Telephone No. (402) 778-1911; E-mail Address: nippe@tsainc.com).

INTRODUCTION

We are offering to exchange all outstanding options to purchase shares of our common stock granted under the 1994 Stock Option Plan, the 1996 Stock Option Plan, and the 1999 Stock Option Plan held by eligible employees or eligible directors for new options we will grant under the same Option Plan as the options that are tendered. An "eligible employee" refers to employees of TSA or its subsidiaries who are active employees or on an authorized leave of absence from August 1, 2001 continuously through the grant date of the new options and otherwise meet the eligibility requirements described in this offer. Unless otherwise required by law, to be an eligible employee with respect to options under the 1996 Option Plan you also must be employed at least 30 hours per week and under the 1999 Option Plan you also must be employed at least 20 hours per week. Eligible employees do not

include employees who, before the expiration of the offer, resign, retire, die, are involuntarily terminated, or give or receive any notice of resignation, retirement, or termination. Employees who are eligible for purposes of tendering eligible options must also satisfy certain eligibility requirements at the grant date of the new options. An "eligible director" refers to directors of TSA from August 1, 2001 continuously through the grant date of the new options.

We are making this offer upon the terms and subject to the conditions set forth in this offer to exchange and in the related acceptance letter (which together, as they may be amended or supplemented from time to time, constitute the "offer"). If you tender options for exchange, we will grant you new options under the same Option Plan as the options you tender and we will enter into a new option agreement with you. All tendered options accepted by us pursuant to this offer will be cancelled.

This offer is not conditioned upon a minimum number of options being tendered. This offer is subject to conditions that we describe in Section 6 below.

As of July 31, 2001, options to purchase 3,160,209 shares of our common stock were issued and outstanding under the Option Plans, of which options to purchase 3,089,100 shares of our common stock, constituting 98%, were held by eligible employees and eligible directors.

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THE OFFER

1. ELIGIBLE EMPLOYEES, ELIGIBLE DIRECTORS, AND ELIGIBLE OPTIONS.

Upon the terms and subject to the conditions of the offer, we will exchange for new options to purchase common stock under the Option Plans all outstanding options under the Option Plans held by "eligible employees" or "eligible directors" that are properly tendered and not validly withdrawn in accordance with Section 4 before the "expiration date," as defined below. We will not accept partial tenders of options for any portion of the shares subject to an option grant. Therefore, you must tender all or none of the outstanding options with respect to each of your outstanding grants. If you tender an option grant for exchange, you will be required to also tender all subsequent option grants with a lower exercise price that you received during the six months immediately prior to the date on which we cancel the options accepted for exchange. If you tender any option grant for exchange, you will automatically be deemed to have tendered all option grants subject to the "six month look-back" for exchange and cancellation. If you have not received any option grants within the last six months, the "six month look-back" is not applicable to you.

The offer is extended only to "eligible employees." An "eligible employee" refers to all of our employees and employees of our subsidiaries who are active employees or on an authorized leave of absence from August 1, 2001 continuously through the grant date of the new options and otherwise meet the eligibility requirements described in this offer. Eligible employees do not include employees who, before the expiration of the offer, resign, retire, die, are involuntarily terminated, or give or receive any notice of resignation, retirement or termination. To be an eligible employee with respect to options under the 1996 Option Plan you also must be employed at least 30 hours per week and under the 1999 Option Plan you also must be employed at least 20 hours per week. Further, employees who are eligible for purposes of tendering eligible options must satisfy certain eligibility requirements at the grant date of the new options to be entitled to receive a new grant of options. An "eligible director" refers to directors of TSA from August 1, 2001 continuously through the grant date of the new options.

If your options are properly tendered and accepted for exchange, unless we terminate this offer pursuant to the terms and conditions hereof, you will be entitled to receive, on or about the first business day that is at least six months and one day following the date we cancel the options accepted for exchange, new options to purchase the number of shares of our common stock that is equal to the number of shares subject to the options that you tendered, subject to adjustments for any stock splits, stock dividends and similar events that occur prior to the grant date of the new options. However, we will not issue any options exercisable for fractional shares. Instead, we will round down to the nearest whole number. IF, FOR ANY REASON, YOU ARE NOT AN ELIGIBLE EMPLOYEE OR ELIGIBLE DIRECTOR OF TSA OR ONE OF OUR SUBSIDIARIES FROM AUGUST 1, 2001 CONTINUOUSLY THROUGH THE DATE WE GRANT THE NEW OPTIONS, YOU WILL NOT RECEIVE ANY NEW OPTIONS OR ANY OTHER CONSIDERATION IN EXCHANGE FOR YOUR TENDERED OPTIONS THAT HAVE BEEN ACCEPTED FOR EXCHANGE AND CANCELLED. PARTICIPATION IN THE OFFER DOES NOT CONFER UPON YOU THE RIGHT TO REMAIN IN THE EMPLOY OR AS A DIRECTOR OF TSA OR ANY OF OUR SUBSIDIARIES. This means you must be actively employed, on an authorized leave of absence, or serving as a director from August 1, 2001 continuously through the date of grant of the new options or you will not receive anything for the options that you tendered and we cancelled.

The term "expiration date" means 11:59 p.m., Omaha, Nebraska time,

on August 28, 2001, unless and until we, in our discretion, have extended the period of time during which the offer will remain open, in which event the term "expiration date" refers to the latest time and date at which the offer, as so extended, expires. See Section 14 for a description of our rights to extend, delay, terminate and amend the offer.

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2. PURPOSE OF THE OFFER.

We issued the options outstanding under the Option Plans to:

- o provide our employees and directors an opportunity to acquire or increase a proprietary interest in us, thereby creating a stronger incentive to expend maximum effort for our growth and success; and
- o encourage our employees to continue their employment by us and our directors to continue serving on our boards of directors.

The vast majority of our outstanding options, whether or not they are currently exercisable, have exercise prices that are significantly higher than the current market price of our common stock. As of July 27, 2001, there were options to purchase 2,603,400 shares of common stock outstanding with an exercise price above \$12.00, the last reported sale price of our common stock on the Nasdaq National Market on that date. We believe these options are unlikely to be exercised in the foreseeable future. By making this offer to exchange outstanding options for new options that will (1) have an exercise price equal to the fair market value of our common stock on the date of grant of new options and (2) begin vesting one month after the grant date, we intend to provide our employees and directors with the benefit of owning options that over time may have a greater potential to increase in value, create better performance and retention incentives for these individuals and thereby maximize stockholder value.

Neither we nor our board of directors makes any recommendation as to whether you should tender your options, nor have we authorized any person to make any such recommendation. You are urged to evaluate carefully all of the information in this offer to exchange and to consult your own legal, investment and/or tax advisors. You must make your own decision whether to tender your options for exchange.

3. PROCEDURES FOR TENDERING OPTIONS.

PROPER TENDER OF OPTIONS. To validly tender your options pursuant to the offer, you must, in accordance with the terms of the acceptance letter, properly complete, duly execute and deliver to us before the expiration date, the acceptance letter, along with any other documents required by the acceptance letter. We must receive all of the required documents at Transaction Systems Architects, Inc., 224 South 108th Avenue, Omaha, Nebraska 68154, Attn: Mary Ramsdell, before the expiration date. We will accept delivery of the signed acceptance letters and other required documents only by external mail. Delivery by facsimile, e-mail or interoffice mail will NOT be accepted.

THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING ACCEPTANCE LETTERS AND ANY OTHER REQUIRED DOCUMENTS, IS AT YOUR ELECTION AND RISK. DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE COMPANY. WE RECOMMEND THAT YOU USE A COURIER SERVICE OR REGISTERED MAIL WITH RETURN RECEIPT REQUESTED AND PROPERLY INSURE THE MATERIALS. IN ALL CASES, YOU SHOULD ALLOW SUFFICIENT TIME TO ENSURE TIMELY DELIVERY.

DETERMINATION OF VALIDITY; REJECTION OF OPTIONS; WAIVER OF DEFECTS; NO OBLIGATION TO GIVE NOTICE OF DEFECTS. We will determine, in our sole discretion, all questions as to form of documents and the validity, form, eligibility, including time of receipt, and acceptance of any tender of options. Our determination of these matters will be final and binding on all parties. We reserve the right to reject any or all tenders of options that we determine are not timely tendered or in appropriate form, or that we determine are unlawful to accept. Otherwise, we will accept properly and timely tendered options that are not validly withdrawn. We also reserve the right to waive any of the conditions of the offer or any defect or irregularity in any tender with respect to any particular options or any particular option holder. No tender of options will be deemed to have been properly made until all defects or irregularities have been cured by the tendering option holder or waived by us. Neither we nor any other person is obligated to give notice of any defects or irregularities in tenders, nor will anyone incur any liability for failure to give any such notice.

OUR ACCEPTANCE CONSTITUTES AN AGREEMENT. Your tender of options pursuant to the procedures described above constitutes your acceptance of the terms and conditions of the offer. **OUR ACCEPTANCE FOR EXCHANGE OF YOUR OPTIONS TENDERED BY YOU PURSUANT TO THE OFFER WILL CONSTITUTE A BINDING**

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AGREEMENT BETWEEN US AND YOU UPON THE TERMS AND SUBJECT TO THE CONDITIONS OF THE

OFFER.

Subject to our rights to extend, terminate and amend the offer, we currently expect that we will accept promptly after the expiration of the offer all properly tendered options that have not been validly withdrawn.

4. WITHDRAWAL RIGHTS.

You may only withdraw your tendered options in accordance with the provisions of this Section 4.

You may withdraw your tendered options at any time before the expiration date. If the offer is extended by us beyond that time, you may withdraw your tendered options at any time until the extended expiration of the offer. In addition, unless we accept your tendered options for exchange before 11:59 p.m., Omaha, Nebraska time, on September 26, 2001, you may withdraw your tendered options at any time after 11:59 p.m., Omaha, Nebraska time, on September 26, 2001.

You must withdraw all tendered options; you may not withdraw only a portion of tendered options. To validly withdraw tendered options, an option holder must deliver to us and we must receive at the address set forth in Section 3 while the option holder still has the right to withdraw the tendered options, a signed and otherwise properly completed withdrawal letter. As in the case of the delivery of the letters of transmittal, you must deliver the signed withdrawal letter to us at Transaction Systems Architects, Inc., 224 South 108th Avenue, Omaha, Nebraska 68154, Attn: Mary Ramsdell, by external mail. The notice of withdrawal must specify the name of the option holder who tendered the options to be withdrawn. Except as described in the following sentence, the notice of withdrawal must be executed by the option holder who tendered the options to be withdrawn exactly as such option holder's name appears on the option agreement or agreements evidencing such options. If the signature is by a trustee, executor, administrator, guardian, attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on the notice of withdrawal.

You may not rescind any withdrawal. Any options you withdraw will thereafter be deemed not properly tendered for purposes of the offer, unless you properly re-tender those options before the expiration date by following the procedures described in Section 3.

Neither we nor any other person is obligated to give notice of any defects or irregularities in any notice of withdrawal, nor will anyone incur any liability for failure to give any such notice. We will determine, in our discretion, all questions as to the form and validity, including time of receipt, of notices of withdrawal. Our determination of these matters will be final and binding.

5. ACCEPTANCE OF ELIGIBLE OPTIONS FOR EXCHANGE AND ISSUANCE OF NEW OPTIONS.

Upon the terms and subject to the conditions of this offer and as promptly as reasonably practicable following the expiration date, we will accept for exchange and cancel options properly tendered and not validly withdrawn before the expiration date. If your properly tendered options are accepted for exchange on August 29, 2001, the business day following the scheduled expiration date of the offer, you will be granted new options on or about March 4, 2002, which is the first business day that is at least six months and one day following the date we cancel the options accepted for exchange. The exercise price of the new options will equal the fair market value of our common stock on the grant date of the new options.

For purposes of the offer, we will be deemed to have accepted for exchange options that are validly tendered and not properly withdrawn as, if and when we give written notice to the option holders of our acceptance for exchange of such options, which may be by press release. Subject to our rights to extend, terminate and amend the offer, we currently expect that we will accept promptly after the expiration of the offer all properly tendered options that are not validly withdrawn. Promptly after we accept tendered options for exchange, we will send each tendering option holder a letter indicating the number of shares subject to the options that we have accepted for exchange, the corresponding number of shares that will be subject to the right to receive the new options and the expected grant date of the new options.

6. CONDITIONS OF THE OFFER.

Notwithstanding any other provision of the offer, we will not be required to accept any options tendered for exchange, and we may terminate or amend the offer, or postpone our acceptance and cancellation of any options tendered for exchange, in each case, subject to Rule 13e-4(f)(5) under the Securities Exchange Act of 1934, as amended, if at any time on or after August 1, 2001 and prior to the expiration date (1) any of the following events has occurred, or has been determined by us to have occurred, and, (2)

in our reasonable judgment in any such case and regardless of the circumstances giving rise thereto, including any action or omission to act by us, the occurrence of such event or events makes it inadvisable for us to proceed with the offer or with such acceptance and cancellation of options tendered for exchange:

- (a) there shall have been threatened or instituted or be pending any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, before any court, authority, agency or tribunal that directly or indirectly challenges the making of the offer, the acquisition of some or all of the tendered options pursuant to the offer, the issuance of new options, or otherwise relates in any manner to the offer or that, in our reasonable judgment, could materially and adversely affect the business, condition (financial or other), income, operations or prospects of TSA or our subsidiaries, or otherwise materially impair in any way the contemplated future conduct of our business or the business of any of our subsidiaries or materially impair the contemplated benefits of the offer to us;
 - (b) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the offer or TSA or any of our subsidiaries, by any court or any authority, agency or tribunal that, in our reasonable judgment, would or might directly or indirectly:
 - (1) make the acceptance for exchange of, or issuance of new options for, some or all of the tendered options illegal, or otherwise restrict or prohibit consummation of the offer or otherwise relates in any manner to the offer;
 - (2) delay or restrict our ability, or render us unable, to accept for exchange, or issue new options for, some or all of the tendered options;
 - (3) materially impair the contemplated benefits of the offer to us; or
 - (4) materially and adversely affect the business, condition (financial or other), income, operations, or prospects of TSA or our subsidiaries, or otherwise materially impair in any way the contemplated future conduct of our business or the business of any of our subsidiaries or materially impair the contemplated benefits of the offer to us;
 - (c) there shall have occurred:
 - (1) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market;
 - (2) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;
 - (3) the commencement of a war, armed hostilities or other international or national crisis directly or indirectly involving the United States;
 - (4) any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that in our reasonable judgment might affect, the extension of credit by banks or other lending institutions in the United States;
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- (5) any significant decrease in the market price of the shares of our common stock or any change in the general political, market, economic or financial conditions in the United States or abroad that could, in our reasonable judgment, have a material adverse effect on the business, condition (financial or other), operations or prospects of TSA or our subsidiaries or on the trading in our common stock;
 - (6) any change in the general political, market, economic or financial conditions in the United States or abroad that could have a material adverse effect on

the business, condition (financial or other), operations or prospects of TSA or our subsidiaries or that, in our reasonable judgment, makes it inadvisable to proceed with the offer;

- (7) in the case of any of the foregoing existing at the time of the commencement of the offer, a material acceleration or worsening thereof; or
 - (8) any decline in either the Dow Jones Industrial Average, the Nasdaq National Market, or the Standard and Poor's Index of 500 Companies by an amount in excess of 10% measured during any time period after the close of business on August 1, 2001;
- (d) there shall have occurred any change, development, clarification or position taken in generally accepted accounting principles which could or would require us to record compensation expense against our earnings in connection with the offer for financial reporting purposes;
- (e) a tender or exchange offer with respect to some or all of our common stock, or a merger, consolidation, or acquisition proposal or offer for us or substantially all of our assets, shall have been proposed, announced or made by another person or entity or shall have been publicly disclosed, or we shall have learned that:
- (1) any person, entity or "group," within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding shares of our common stock, or any new group shall have been formed that beneficially owns more than 5% of the outstanding shares of our common stock, other than any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before August 28, 2001;
 - (2) any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before August 28, 2001 shall have acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding shares of our common stock; or
 - (3) any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of the assets or securities of us or any of our subsidiaries; or
- (f) any change or changes shall have occurred in the business, condition (financial or other), assets, income, operations, prospects or stock ownership of TSA or our subsidiaries that, in our reasonable judgment, is or may be material to TSA or our subsidiaries or materially impairs or may materially impair the contemplated benefits of the offer to us.

The conditions to the offer are for our benefit. We may assert them in our discretion regardless of the circumstances giving rise to them prior to the expiration date. We may waive them, in whole or in part, at any time and from time to time prior to the expiration date, in our discretion, whether or not we waive any other condition to the offer. Our failure at any time to exercise any of these rights will not be deemed a waiver of any such rights. The waiver of any of these rights with respect to particular facts and circumstances will not be deemed a waiver with respect to any other facts and circumstances. Any determination we make concerning the events described in this Section 6 will be final and binding upon all persons.

Under the 1999 Option Plan and the 1996 Option Plan, in the event of any offer to holders of TSA common stock relating to the acquisition of their shares through purchase, merger or otherwise, or an acquisition of substantially all of the assets or business of TSA, then the compensation committee may make such adjustments as it deems equitable in respect of the outstanding options granted under the 1999 Option Plan and 1996 Option Plan including the revision or cancellation of the options. Under the 1994 Option Plan, in the event of (1) a merger, consolidation or reorganization of TSA with one or more other corporations in which the TSA is not the surviving corporation, (2) a sale of substantially all of the assets of TSA, or (3) any transaction approved by our board of directors which results in any person other than an affiliate owning 80 percent or more of the combined voting power of all classes of TSA stock, then

the 1994 Option Plan and all options granted under that plan will terminate, except to the extent provision is made in writing in connection with such transaction for the continuation of the plan or the assumption of the outstanding options, or for the substitution of new options covering the stock of a successor. In the event of any such termination of the 1994 Option Plan, each individual holding an option granted under that plan will have the right, subject to limitations on exercise set forth in the 1994 Option Plan, immediately prior to the occurrence of such termination and during a period of at least thirty days prior to termination of the plan, to exercise the option.

7. PRICE RANGE OF COMMON STOCK UNDERLYING THE OPTIONS.

Our common stock trades on the Nasdaq National Market under the symbol "TSAI." The following table sets forth, for the periods indicated, the high and low sale prices of the common stock as reported by the Nasdaq National Market.

FISCAL YEAR ENDED SEPTEMBER 30, 1999	HIGH ----	LOW ---
Fourth quarter	\$40.375	\$24.188
FISCAL YEAR ENDED SEPTEMBER 30, 2000	HIGH ----	LOW ---
First quarter	\$37.000	\$20.250
Second quarter	48.125	20.250
Third quarter	29.938	11.375
Fourth quarter	22.313	14.250
FISCAL YEAR ENDED SEPTEMBER 30, 2001	HIGH ----	LOW ---
First quarter	\$17.125	\$10.750
Second quarter	14.063	6.250
Third quarter	15.500	5.688

On July 31, 2001, the last trading day prior to this offer, the last sale price of the common stock as reported by the Nasdaq National Market was \$11.20 per share. As of July 26, 2001, there were 445 holders of record of the common stock.

WE RECOMMEND THAT YOU OBTAIN CURRENT MARKET QUOTATIONS FOR OUR COMMON STOCK BEFORE DECIDING WHETHER TO TENDER YOUR OPTIONS.

8. SOURCE AND AMOUNT OF CONSIDERATION; TERMS OF NEW OPTIONS.

CONSIDERATION. In exchange for outstanding options under an Option Plan properly tendered by eligible employees and accepted for exchange by us, we will issue new options to purchase common stock under the same Option Plan as the tendered options. We will grant the new options on or about the first business day that is at least six months and one day following the date we cancel the options accepted for exchange. The number of shares of common stock subject to new options to be granted to each option holder will be equal to the number of shares subject to the options tendered by such option holder and accepted for exchange, subject to adjustments for any stock splits, stock dividends and similar events that occur prior to the grant date of the new options. However, we will not issue any options exercisable for fractional shares. Instead, we will round down to the nearest whole number. If we receive and

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accept tenders of all outstanding eligible options, we will grant new options to purchase a total of approximately 3,089,100 shares of our common stock and the common stock issuable upon exercise of the new options will equal approximately 8.6% of the total shares of our common stock outstanding as of July 27, 2001.

TERMS OF NEW OPTIONS. The new options will be issued under the same Option Plan as the options you tender and a new option agreement between us and each option holder who has tendered options in the offer. Except with respect to the (1) exercise price, (2) the vesting schedule, and (3) the actual expiration date, and as otherwise specified in the offer, we expect that the terms and conditions of the new options will be substantially the same as the terms and conditions of the options tendered for exchange. As soon as practicable after the date the new options are granted, we will deliver a new option agreement to each tendering option holder whose tendered options were accepted for exchange and cancelled by us. After receipt of the new option agreements, option holders will be expected to execute and deliver to us their option agreements as soon as practical. The following description summarizes the material terms of the Option Plans and the options granted under the Option Plans.

GENERAL. The maximum number of shares of common stock available for issuance pursuant to the exercise of options granted under the 1994 Option Plan is 477,744, under the 1996 Option Plan is 504,000, and under the 1999 Option

Plan is 3,000,000. The number of shares available under the 1999 Option Plan was increased from 2,000,000 following approval by our stockholders at the annual meeting of stockholders held on February 20, 2001. None of the additional shares available as a result of the stockholders approval will be used for the new options to be granted under this offer because under the terms of the Option Plans the number of shares underlying cancelled options become available for issuance of options under the Option Plans as if the cancelled options had never been granted. The shares underlying the cancelled options become available for issuance of the new options. The Option Plans permit the granting of non-qualified stock options (i.e., stock options that are not incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code")) and qualified options. All options subject to this offer are non-qualified stock options.

ADMINISTRATION. The Option Plans are administered by the compensation committee of our board of directors and provide the committee with broad discretion to fashion the terms of grants of options, including type, size and exercise price, as it deems appropriate. The committee also selects the persons to whom options are granted.

TERM. The outstanding options generally have terms of ten years. Subject to the provisions of the Option Plans and your option agreement, the new options to be granted pursuant to the offer will have a term of, and therefore expire, ten years from the grant date of the new options, except that certain new options granted to eligible employees who reside in the United Kingdom will expire seven years from the grant date of the new options.

EXERCISE PRICE. The exercise price of each option is determined by the compensation committee. The exercise price of the new options to be granted pursuant to the offer will equal the fair market value of our common stock on the grant date of the new options. This means that assuming our common stock is still listed on the Nasdaq National Market at that time, the exercise price of the new options will equal the last reported bid price of our common stock on the Nasdaq National Market on the date of grant. BECAUSE WE WILL NOT GRANT NEW OPTIONS UNTIL AT LEAST SIX MONTHS AND ONE DAY AFTER THE DATE WE CANCEL THE OPTIONS ACCEPTED FOR EXCHANGE, IT IS POSSIBLE THAT THE NEW OPTIONS MAY HAVE A HIGHER EXERCISE PRICE THAN SOME OR ALL OF YOUR CURRENT OPTIONS. WE RECOMMEND THAT YOU OBTAIN CURRENT MARKET QUOTATIONS FOR OUR COMMON STOCK BEFORE DECIDING WHETHER TO TENDER YOUR OPTIONS.

VESTING AND EXERCISE. Subject to the terms of the Option Plans, the compensation committee determines at what time or times each option may be exercised and the period of time, if any, after retirement, death, disability or termination of employment during which options may be exercised. The exercisability of options may be accelerated by the compensation committee.

The new options, unlike the outstanding options (which generally vest 1/48 per month from the date of grant if under the 1994 Option Plan, 25% annually on each anniversary of the grant date if under the 1996 Option Plan, and one third on each anniversary of the grant date if under the 1999 Option Plan), will have a vesting schedule of 1/18 per month that begins on the grant date of the new options, except that if executive officers tender options under the 1994 Option Plan, their new options will vest 25% annually on each anniversary of the grant date of the new options. That

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means that except for new options granted to executive officers under the 1994 Option Plan, the new option grant will (1) become exercisable in 18 equal monthly installments after the grant date of the new options and (2) assuming we grant the new options on or about March 4, 2002, be fully exercisable on or about September 4, 2003, subject to the terms and conditions of the applicable Option Plan and your option agreement. No portion of the new options we grant will be immediately exercisable, even if the options you tender for exchange are or were scheduled to become exercisable. The 18 month vesting schedule of the new options will not begin until the grant date of those options. Therefore, while the new options will begin vesting following the first month after the new grant date, you will lose the benefits of any vesting under options you tender in the offer.

METHOD OF EXERCISING OPTIONS. After the new options begin vesting, the option holder may exercise the options in accordance with the terms of the applicable Option Plan and the option holder's option agreement by providing to us (1) a written notice identifying the option and stating the number of shares of common stock that the option holder desires to purchase and (2) payment in full of the option price per share for the shares of common stock then being acquired in cash or by certified check payable to the order of TSA in full payment for the shares of common stock being purchased. We may also in our discretion permit or require alternate means of exercise of the options subject to the terms of the Option Plans.

PROHIBITION AGAINST TRANSFER. The options may not be transferred other than by will or the laws of descent and distribution, and during the option holder's lifetime shall be exercisable only by the option holder.

TERMINATION OF SERVICE. IF, FOR ANY REASON, YOU ARE NOT AN ELIGIBLE

EMPLOYEE OR ELIGIBLE DIRECTOR OF TSA OR ONE OF OUR SUBSIDIARIES FROM AUGUST 1, 2001 CONTINUOUSLY THROUGH THE DATE WE GRANT THE NEW OPTIONS, YOU WILL NOT RECEIVE ANY NEW OPTIONS OR ANY OTHER CONSIDERATION IN EXCHANGE FOR YOUR TENDERED OPTIONS THAT HAVE BEEN ACCEPTED FOR EXCHANGE. This means that you must be actively employed, on an authorized leave of absence, or serving as a director from August 1, 2001 continuously through the date we grant the new options or you will not receive anything for your cancelled options that you tendered. After the grant date of new options under the 1999 Option Plan or the 1996 Option Plan, if the option holder ceases to be an employee or director of TSA for any reason other than disability or death, then the option holder shall have until the earlier of (1) the expiration date of such options, or (2) one month from the date of termination of the option holder's employment to exercise the new options to the extent to which the option holder would otherwise have been entitled to exercise the option on or prior to the date of such termination. To the extent the option holder is not entitled to exercise the options prior to the date of the option holder's termination, such outstanding and unexercised option shall immediately lapse and the option holder shall have no further rights with respect to it, effective as of the date of termination of the option holder's employment or directorship. After the grant date of new options under the 1994 Option Plan, if the option holder ceases to be an employee or director of TSA for any reason other than disability, death or retirement, then such options will terminate unless otherwise provided in the option agreement. Subject to the terms of the 1994 Option Plan, if the holder of a new option granted under the 1994 Option Plan retires, then such holder will have the right, at any time within three months after such retirement and prior to termination of the option, to exercise the option, whether or not such option was exercisable immediately prior to such retirement.

To the extent permitted under the Option Plans and your option agreement, after the date of grant of the new options, if the option holder's employment or directorship with TSA is terminated due to disability or death, the options will be exercisable until the earlier of (1) the expiration date of such option, or (2) one year from the date of such disability or death.

REGISTRATION OF OPTION SHARES. All shares of common stock issuable upon exercise of options under the Option Plans, including the shares that will be issuable upon exercise of all new options to be granted pursuant to the offer, have been registered under the Securities Act of 1933, as amended, on a registration statement on Form S-8 filed with the SEC.

EFFECT OF CHANGE OF CONTROL. Under the 1999 Option Plan and the 1996 Option Plan, in the event of any offer to holders of TSA common stock relating to the acquisition of their shares through purchase, merger or otherwise, or an acquisition of substantially all of the assets or business of TSA, then the compensation committee may make such adjustments as it deems equitable in respect of the outstanding options granted under the 1999 Option Plan and 1996 Option Plan including the revision or cancellation of the options. Under the 1994 Option Plan, in the event of (1) a

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merger, consolidation or reorganization of TSA with one or more other corporations in which the TSA is not the surviving corporation, (2) a sale of substantially all of the assets of TSA, or (3) any transaction approved by our board of directors which results in any person other than an affiliate owning 80 percent or more of the combined voting power of all classes of TSA stock, then the 1994 Option Plan and all options granted under that plan will terminate, except to the extent provision is made in writing in connection with such transaction for the continuation of the plan or the assumption of the outstanding options, or for the substitution of new options covering the stock of a successor. In the event of any such termination of the 1994 Option Plan, each individual holding an option granted under that plan will have the right, subject to limitations on exercise set forth in the 1994 Option Plan, immediately prior to the occurrence of such termination and during a period of at least thirty days prior to termination of the plan, to exercise the option.

AMENDMENT OF OPTION PLANS. Under the terms of each of the Option Plans, we can amend the terms of the plan. However, we cannot amend the plan to adversely affect the rights of the holders of options granted under such plan.

U.S. FEDERAL INCOME TAX CONSEQUENCES OF NON-QUALIFIED STOCK OPTIONS. Under current law, because options granted under the Option Plans do not have a readily ascertainable value, an option holder will not realize taxable income upon the grant of a non-qualified stock option. However, when an option holder exercises the option, the difference between the exercise price of the option and the fair market value of the shares subject to the option on the date of exercise will be compensation income taxable to the option holder. We will be entitled to a deduction equal to the amount of compensation income taxable to the option holder if we comply with applicable reporting requirements.

If an option holder tenders shares in payment of part or all of the exercise price of a non-qualified stock option, no gain or loss will be recognized with respect to the shares tendered and the option holder will be treated as receiving an equivalent number of shares pursuant to the exercise of the option in a nontaxable exchange. The tax basis of the shares tendered will

be treated as the substituted tax basis for an equivalent number of shares received, and these new shares will be treated as having been held for the same holding period as the holding period applicable to the tendered shares. Additional newly acquired shares will have a tax basis equal to the fair market value of such shares on the date of exercise of the option. The difference between the aggregate exercise price and the aggregate fair market value of the shares received pursuant to the exercise of the option will be taxed as ordinary income, just as if you had paid the exercise price in cash.

FORM OF STOCK OPTION AGREEMENTS ISSUED IN FOREIGN JURISDICTIONS. In order to comply with the applicable laws of certain foreign jurisdictions, we have, from time to time, modified our form of Option Plan and option agreement for use solely in the jurisdiction in which the laws require such modifications. We intend to further modify the form of option agreement to be issued in foreign jurisdictions in connection with the grant of new options. We have distributed with this offer a short summary of the modifications that we intend to make. You should review this summary and consult with your individual tax, legal and investment advisor before deciding whether or not to participate in the offer.

FOREIGN TAX CONSEQUENCES OF STOCK OPTIONS. All option holders subject to taxation in a foreign jurisdiction, whether by reason of your nationality, residence, or otherwise, should consult with their own personal tax advisors as to the consequences of the stock options. Tax consequences in foreign jurisdictions may vary depending on each individual's circumstances. We have distributed with this offer short summaries of some of those consequences with respect to some of the countries where our non-U.S. employees are located. If you are an employee or a director located outside the United States, you should review these summaries, and you should consult your individual tax advisor before deciding whether or not to participate in the offer. You should also consult your individual tax, legal and investment advisors if you have changed the country of your residence or the country in which you perform services for us since the grant date of your outstanding options.

Our statements in this offer concerning the Option Plans and the new options are merely summaries and do not purport to be complete. The statements are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Option Plan and the form of option agreement under that Option Plan, each of which is filed as an exhibit to the Tender Offer Statement on Schedule TO, of which this offer to exchange is a part. See Section 16 for a discussion of how to obtain copies of the Option Plans and forms of option agreements.

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9. INFORMATION CONCERNING TSA.

GENERAL. We develop, market, install and support a broad line of software products and services primarily focused on facilitating electronic payments ("e-payments") and electronic commerce ("e-commerce"). In addition to our own products, we distribute or act as a sales agent for software developed by third parties. The products and services are used principally by financial institutions, retailers and e-payment processors, both in domestic and international markets. Our products and services are organized into three business units: Consumer e-Payments, Electronic Business Infrastructure and Corporate Banking e-Payments.

CONSUMER E-PAYMENTS. During the fourth quarter of fiscal 2000, we combined our Consumer Banking, Electronic Commerce and Internet Banking operating units into the Consumer e-Payments business unit. Products in this business unit represent our largest product line and include our most mature and well-established applications. Within this business unit are two software product groups: Payment Systems and Acquiring Systems. Applications within the Payment Systems product group include BASE24, OCM24, WINPAY24, TRANS24, NET24 middleware, and a variety of Payments Management solutions. The Acquiring Systems product group includes our i24, e24, Smart Card and Community Banking applications. Financial institutions, retailers and e-payment processors use our products to route and process transactions for Automated Teller Machine (ATM) networks; process transactions from traditional Point of Sale (POS) devices, wireless devices and the Internet; handle PC and phone banking transactions; control fraud and money laundering; process Electronic Benefit Transfer (EBT) transactions; authorize checks; establish frequent shopper programs; automate settlement, card management and claims processing; and issue and manage multi-functional applications on smart cards. Products in the Consumer e-Payments business unit represented approximately 73% of our fiscal 2000 revenue. The Payment Systems and Acquiring Systems products, except community banking products, are marketed and supported through ACI Worldwide Inc ("ACI"), a wholly-owned subsidiary. ACI sells and supports the products and services through three distribution networks: the Americas, Europe/Middle East/Africa ("EMEA") and Asia/Pacific. Each distribution network has its own sales force and supplements this with reseller and/or distributor networks. The community banking products are marketed and supported through Regency Systems, Inc. ("Regency"), a wholly-owned subsidiary. During fiscal years 2000 and 1999, approximately 61% and 60%, respectively, of our total Consumer e-Payments revenues resulted from international operations. During fiscal years 2000, 1999 and 1998, approximately 55%, 66% and 63%, respectively, of our total revenues were derived from licensing the BASE24 family of products and providing related

services and maintenance, and approximately 76%, 84% and 81%, respectively, of our Consumer e-Payments revenues were derived from licensing the BASE24 family of products and providing related services and maintenance.

ELECTRONIC BUSINESS INFRASTRUCTURE (INSESSION). Products in this business unit facilitate communication, data movement, monitoring of systems and business process automation across computing systems involving mainframes, distributed computing networks and the Internet and its products include ICE, Enguard, WorkPoint and Extractor/Replicator. Electronic Business Infrastructure products and services represented approximately 14% of our fiscal 2000 revenue. Electronic Business Infrastructure products and services are marketed and supported primarily through our Insession organization, which has its own global sales and support organization. During fiscal years 2000 and 1999, approximately 37% and 32%, respectively, of our total Electronic Business Infrastructure revenues resulted from international operations. In fiscal years 2000, 1999 and 1998, approximately 71%, 73% and 64%, respectively, of our Electronic Business Infrastructure revenues were derived from licensing and maintenance of the ICE family of products.

CORPORATE BANKING E-PAYMENTS. Our Corporate Banking e-Payments solutions include products for high value payments processing, bulk/recurring payments processing, wire room processing, global messaging, integration payments management and Continuous Link Settlement processing and are collectively referred to as PaymentWare. The high value payments processing product is Money Transfer System ("MTS") and is used by financial institutions to facilitate business-to-business e-payments. The bulk and recurring payments processing product is Co-ACH and is used by financial institutions to automatically deposit paychecks and process other automated clearing house ("ACH") transactions. Products in the Corporate Banking e-Payments business unit represented approximately 12% of our fiscal 2000 revenue. Our Corporate Banking e-Payments business unit has its own global sales and support organization. During fiscal years 2000 and 1999, approximately 38% and 8%, respectively, of our total Corporate Banking e-Payments revenues resulted from international operations. During fiscal years 2000, 1999 and 1998, approximately 54%, 70% and 68%, respectively, of our Corporate Banking e-Payments revenues were derived from licensing and

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maintenance of the MTS application and approximately 32%, 11% and 18%, respectively, of our Corporate Banking e-Payments revenues were derived from licensing and maintenance of the Co-ACH.

We previously announced that we plan to direct the majority of our focus on our Consumer e-Payments business unit. In furtherance of that plan, we have transferred our ownership interest in a significant portion of our health payment systems that we previously operated and integrated the remainder of that business into our Consumer e-Payments business unit. We continue to explore internally, and with third parties, various alternatives with respect to portions of our business that may not be consistent with our focus on Consumer e-Payments. We are also continuing our external search for a new chief executive officer due to the resignation of William E. Fisher in May 2001.

For detailed financial information about us, you should review our most recent annual and quarterly reports filed with the SEC. See Section 16 to find out how you can obtain copies of such reports. In addition, our earnings of \$44.7 million covered our fixed charges of \$401,000 by a ratio of 111.47% for the fiscal year ended September 30, 1999 and our earnings of \$2.11 million covered our fixed charges of \$912,000 by a ratio of 2.31% for the fiscal year ended September 30, 2000. However, our earnings of \$(17.956) million for the six months ended March 31, 2001 were inadequate to cover our fixed charges of \$1.38 million for that period. Our book value per share was \$6.97 as of March 31, 2001.

Except as otherwise disclosed in this offer or in our filings with the SEC, we presently have no plans or proposals that relate to or would result in:

- (a) any extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- (b) any purchase, sale or transfer of a material amount of our assets or the assets of any of our subsidiaries;
- (c) any material change in our present dividend rate or policy, or our indebtedness or capitalization;
- (d) any change in our present board of directors or management, including a change in the number or term of directors or to fill any existing board vacancies or to change any executive officer's material terms of employment;
- (e) any other material change in our corporate structure or business;
- (f) our common stock not being authorized for quotation in an

127,243 3.97%
 Treasurer,
 Chief
 Financial
 Officer, and
 Senior Vice
 President -
 Corporate
 Finance &
 Administrative
 Services
 David P.
 Stokes
 105,466 3.29%
 Secretary and
 Vice
 President -
 Legal Edward
 H. Mangold
 75,162 2.34%
 Senior Vice
 President -
 Sales Jeffrey
 H. Hale
 84,757 2.64%
 Senior Vice
 President -
 Strategic
 Business
 Development
 Mark R.
 Vipond
 109,428 3.41%
 Senior Vice
 President -
 Consumer e-
 Payments
 Anthony J.
 Parkinson
 36,000 1.12%
 Senior Vice
 President -
 Electronic
 Business
 Infrastructure
 Dennis D.
 Jorgensen
 32,000 1.00%
 Senior Vice
 President -
 Corporate
 Banking e-
 Payments
 Edward C.
 Fuxa 19,000
 0.59% Chief
 Accounting
 Officer &
 Controller --

 832,056
 25.93%
 =====
 =====

During the 60 days prior to August 1, 2001, we did not grant any options to our executive officers or directors.

On January 11, 2001, we issued the following securities as consideration for the acquisition of all of the outstanding securities of MessagingDirect Ltd., an Alberta, Canadian company:

- o 1,778,429 shares of our common stock.
- o 1,410,942 shares of Exchangeable Shares of TSA Exchangeco Limited, a Nova Scotia subsidiary of TSA. The Exchangeable Shares are designed to have economic rights equivalent our common stock and can be exchanged on a one-for-one basis into shares of our common stock. The voting rights of the Exchangeable Shares are described below.
- o One share of our Special Preferred Voting Stock. This share was issued to Wells Fargo Bank Minnesota, National Association, as Trustee of the trust created for the benefit of holders of the Exchangeable Shares. The Special Preferred

Voting Stock entitles the Trustee to cast the number of votes equal to the number of Exchangeable Shares outstanding voting as a single class with the common stock. Each holder of Exchangeable Shares is entitled to instruct the Trustee on how to vote with respect to such holder's Exchangeable Shares.

- o Options to purchase 167,980 shares of our common stock. These options were issued to holders of MessagingDirect Ltd. employee stock options to replace those options. The replacement options have an exercise price of one cent per share of our common stock because pursuant to the terms of the acquisition the number of shares covered by the options was reduced by a formula intended to replicate a cashless exercise.

On January 11, 2001, TSA Exchangeco Limited issued 600,000 shares of nonvoting, dividend bearing preferred stock to one of our subsidiaries which in turn sold them to ten of our employees who are not executive officers. The purchase price for the preferred shares was 1,490,000 Canadian dollars which equated to one million U.S. dollars on that date. The shares are exchangeable by the holders for a total of 67,679 shares of our common stock, subject to adjustment, after two years from the date of issuance or earlier upon a change of control. TSA Exchangeco Limited or other of our subsidiaries may elect to redeem the preferred shares after two years, or earlier upon a change of control or termination of employment of the holder, for our shares of common stock with a market value (as determined based on an average market price) at the time of redemption equal to the greater of (i) the purchase price (plus any accrued and unpaid dividends) and (ii) the fair market value of the preferred shares as determined pursuant to the preferred share provisions. If the preferred shares have not been earlier exchanged or redeemed, then they are to be

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redeemed for cash equal to the purchase price plus any accrued but unpaid dividends on the fifth anniversary date of their issuance.

In January 2001, our Board of Directors approved an amendment to the 1999 Option Plan, subject to the approval of the stockholders at the annual meeting on February 20, 2001, to increase the number of shares of common stock for which options may be granted under that plan to 3,000,000 from 2,000,000. The stockholders approved the increase at the annual meeting. See Section 8.

Effective May 1, 2001, we entered into an Agreement and Release of All Claims with William E. Fisher, our former Chief Executive Officer and acting Chairman of the Board. Pursuant to the agreement, we agreed to allow Mr. Fisher three years from the effective date to exercise all stock options that were vested as of the effective date that had been granted under the Transaction Systems Architects, Inc. 1997 Management Stock Option Plan. As of the effective date, Mr. Fisher held vested options to purchase 100,000 shares of common stock, none of which were granted under the Option Plans. None of the options held by Mr. Fisher are eligible for exchange pursuant to this offer.

Effective May 18, 2001, we entered into an Agreement and Release of All Claims with David C. Russell, our former President. Pursuant to the agreement, we agreed to allow Mr. Russell 18 months from the effective date of the agreement to exercise all stock options and other rights which were vested as of that date and which were granted under any of the Option Plans, the Transaction Systems Architects, Inc. 1997 Management Stock Option Plan, the Transaction Systems Architects, Inc. 1999 Employee Stock Purchase Plan or any similar plan that we have adopted. As of the effective date, Mr. Russell held vested options to purchase 38,928 shares of common stock under the Option Plans, together with 100,000 shares of common stock under our other plans. Mr. Russell is not an "eligible employee" or "eligible director" as contemplated by this offer and is not eligible to tender any options for exchange pursuant to this offer.

Except as otherwise described above and ordinary course purchases under our 401k or employee stock purchase plans, there have been no transactions in options to purchase our common stock or in our common stock which were effected during the past 60 days by us, or to our knowledge, by any of our executive officers directors, affiliates or subsidiaries. In addition, except as otherwise described above, neither we nor, to our knowledge, any of our executive officers or directors is a party to any agreement, arrangement or understanding with respect to any of our securities (including any agreement, arrangement or understanding concerning the transfer or the voting of any of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations).

11. STATUS OF OPTIONS ACQUIRED BY US IN THE OFFER; ACCOUNTING CONSEQUENCES OF THE OFFER.

Options we acquire pursuant to the offer will be cancelled and the shares of common stock subject to those options will be returned to the pool of shares available for grants of new options under the same Option Plan as the cancelled option, including for issuance upon the exercise of new options issued

by us pursuant to the offer. To the extent such shares are not fully issued or reserved for issuance upon exercise of the new options to be granted in connection with the offer, the shares will be available for future awards to employees and other eligible plan participants without further stockholder action, except as required by applicable law or the rules of the Nasdaq National Market or any other securities quotation system or any stock exchange on which our common stock is then quoted or listed.

Many of our eligible employees and eligible directors hold options with exercise prices significantly higher than the current market price of our common stock. We believe it is in our best interest to offer these employees and directors an opportunity to more effectively participate in the potential growth in our stock price. We could accomplish this goal by repricing existing options, which would enable eligible employees and eligible directors to immediately receive replacement options with a lower exercise price. However, the repriced options would be subject to variable accounting, which would require us to record additional compensation expense each quarter until the repriced options were exercised, cancelled or expired. Furthermore, if we were to cancel a stock option and issue another option with an exercise price that is lower than the exercise price of the cancelled option within the shorter of (1) the six-month period immediately prior to the date on which the option was required to be tendered for cancellation or (2) the period from the date of grant of the cancelled option to the date on which the option was required to be tendered for cancellation, the cancellation and exchange would be deemed a repricing that results in variable accounting. The cancellation of an existing option and the issuance

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of another option within this time period will be deemed a repricing even if the issuance of the second option occurs before the cancellation of the first option.

12. LEGAL MATTERS; REGULATORY APPROVALS.

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our exchange of options and issuance of new options as contemplated by the offer, or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the acquisition or ownership of our options as contemplated herein. Should any such approval or other action be required, we presently contemplate that we will seek such approval or take such other action. We are unable to predict whether we may determine that we are required to delay the acceptance of options for exchange pending the outcome of any such matter. We cannot assure you that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Our obligation under the offer to accept tendered options for exchange and to issue new options for tendered options is subject to conditions, including the conditions described in Section 6.

13. MATERIAL U.S. FEDERAL INCOME AND OTHER TAX CONSEQUENCES.

The following is a general summary of the material U.S. federal income tax consequences of the exchange of options pursuant to the offer. This discussion is based on the Code, its legislative history, treasury regulations thereunder and administrative and judicial interpretations thereof as of the date of the offer, all of which are subject to change, possibly on a retroactive basis. This summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of option holders.

We believe that the exchange of tendered options for the commitment to grant new options is a non-taxable event. Administrative and judicial interpretations of Section 83 of the Code indicate that the exchange of an option without a readily ascertainable fair market value, as defined in the Treasury regulations, for a commitment to grant a new option without a readily ascertainable fair market value is a non-taxable event. As the value of neither the tendered options nor the commitment to grant the new options is readily ascertainable at the time of the exchange, the exchange should be a non-taxable event. Therefore, the option holders who exchange outstanding options for the commitment to grant new options should not be required to recognize income for federal tax purposes at the time of the exchange.

We also believe that the exchange of tendered options for new options will be treated as a non-taxable exchange. Administrative and judicial interpretations of Section 83 of the Code indicate that the substitution of one option without a readily ascertainable fair market value for another option is a non-taxable event. As neither the value of the tendered options nor the value of the new options is readily ascertainable at the time of the exchange, the exchange should be a non-taxable event. Therefore, the option holders who exchange outstanding options for new options should not be required to recognize income for federal tax purposes at the time of the exchange.

We also believe that the grant of new options should not be recognized

as taxable income. The Treasury regulations under Section 83 of the Code generally provide that the grant of an option without a readily ascertainable fair market value is a non-taxable event. Therefore, at the date of grant of the new options, the option holders should not be required to recognize additional income for federal tax purposes.

WE RECOMMEND THAT YOU CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF PARTICIPATING IN THE OFFER.

All option holders subject to taxation in a foreign jurisdiction, whether by reason of your nationality, residence or otherwise, should consult with their own personal tax advisors as to the tax consequences of their participation in the offer. Tax consequences in foreign jurisdictions may vary depending on each individual's circumstances. We have distributed with this offer short summaries of some of those consequences with respect to some of the countries where our non-U.S. employees are located. If you are an employee located outside the United States, you should review these summaries, and you should consult your individual tax advisor before deciding whether or not to participate in the offer.

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You should also consult your individual tax, legal and investment advisors if you have changed the country of your residence or the country in which you perform services for us since the grant date of your outstanding options.

14. EXTENSION OF OFFER; TERMINATION; AMENDMENT.

We expressly reserve the right, in our discretion, at any time and from time to time, and regardless of whether or not any event set forth in Section 6 has occurred or is deemed by us to have occurred, to extend the period of time during which the offer is open and thereby delay the acceptance for exchange of any options by giving oral or written notice of such extension to the option holders and making a public announcement thereof.

We also expressly reserve the right, in our reasonable judgment, prior to the expiration date to terminate or amend the offer and to postpone our acceptance and cancellation of any options tendered for exchange upon the occurrence of any of the conditions specified in Section 6, by giving oral or written notice of such termination or postponement to the option holders and making a public announcement thereof. Our reservation of the right to delay our acceptance and cancellation of options tendered for exchange is limited by Rule 13e-4(f)(5) promulgated under the Securities Exchange Act of 1934, as amended, which requires that we must pay the consideration offered or return the options tendered promptly after termination or withdrawal of a tender offer.

Amendments to the offer may be made at any time and from time to time by public announcement of the amendment. In the case of an extension, the amendment must be issued no later than 9:00 a.m., Omaha, Nebraska time, on the next business day after the last previously scheduled or announced expiration date. Any announcement made pursuant to the offer will be disseminated promptly to option holders in a manner reasonably designed to inform option holders of such change.

If we materially change the terms of the offer or the information concerning the offer, or if we waive a material condition of the offer, we will extend the offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Securities Exchange Act of 1934, as amended. These rules require that the minimum period during which an offer must remain open following material changes in the terms of the offer or information concerning the offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances, including the relative materiality of such terms or information.

15. FEES AND EXPENSES.

We will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of options pursuant to this offer to exchange.

16. ADDITIONAL INFORMATION.

With respect to the offer, we have filed with the SEC a Tender Offer Statement on Schedule T0, of which this offer to exchange is a part. This offer to exchange does not contain all of the information contained in the Schedule T0 and the exhibits to the Schedule T0. We recommend that you review the Schedule T0, including its exhibits, before making a decision on whether to tender your options.

We are subject to the informational filing requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, are obligated to file reports, proxy statements and other information with the SEC relating to our business, financial condition and other matters. Such reports, proxy statements and other information, including the Schedule T0, our annual report on Form 10-K for the fiscal year ended September 30, 2000, our quarterly report for the quarter ended March 31, 2001 and our proxy statement dated January 19, 2001 can be inspected and copied at the public reference facilities

The address of each director and executive officer is: c/o Transaction Systems Architects, Inc., 224 South 108th Avenue, Omaha, Nebraska 68154.

Option Plan under which the option I am tendering was granted.

I understand and acknowledge that:

- (A) I may tender all, some or none of the options I currently hold pursuant to the offer, and if I choose to tender an option, I must tender, and will automatically be deemed to have tendered, to the extent it is outstanding, the whole option (no partial tender of options currently subject to a grant) and any subsequently issued option with an exercise price that is lower than the exercise price for the option I am tendering that I received within the six months immediately prior to August 29, 2001, which is the date TSA expects to cancel the options accepted for exchange. If I have not received any options within the last six months, I am not required to tender, and will not automatically be deemed to have tendered, any options.
- (B) TSA will not issue any new options exercisable for fractional shares. Instead, TSA will round down to the nearest whole number.
- (C) All options properly tendered prior to 11:59 p.m., Omaha, Nebraska time, on August 28, 2001, unless TSA has extended the period of time the offer will remain open, and not properly withdrawn will be exchanged for new options, upon the terms and subject to the conditions of the offer, including the conditions described in Sections 1 and 6 of the Offer to Exchange.
- (D) Upon TSA's acceptance of the options I am tendering for exchange, the options will be cancelled, and the option agreement or agreements to which the options I am tendering are subject will be deemed terminated. All new options will be subject to the terms and conditions of the Option Plan under which they are granted and the terms of a new option agreement between TSA and me, a copy of which I will receive after the new options are granted.
- (E) The new options will not be granted until on or about the first business day that is at least six months and one day after the date TSA accepts for exchange and cancels the options I am tendering and will have (a) an exercise price equal to the fair market value of the common stock on that grant date, (b) an 18 month, monthly vesting schedule that begins on that grant date, except that if executive officers tender options under the 1994 Option Plan, their new options will vest 25% annually on each anniversary of that grant date, and (c) an expiration date of ten years from that grant date, except that certain new options granted to residents of the United Kingdom may have an expiration date of seven years from that grant date. Because the new options will not be granted until on or about the first business day that is at least six months and one day after the date TSA accepts for exchange and cancels the options I am tendering, it is possible that the new options may

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have an exercise price than some or all of the options I am tendering. TSA has recommended that I obtain current market quotations for its common stock before I decide whether to tender my options.
- (F) I must be an eligible employee or eligible director of TSA or one of its subsidiaries from August 1, 2001 continuously through the date the new options are granted in order to receive the new options, and, if for any reason I do not remain an eligible employee or eligible director continuously through the date the new options are granted, I will not receive any new options or any other consideration for the options I am tendering. The definitions of eligible employee and eligible director are described in Section 1 of the Offer to Exchange.
- (G) By tendering options pursuant to the procedure described in Section 3 of the Offer to Exchange and in the instructions to this Acceptance Letter, I accept the terms and conditions of the offer. TSA's acceptance for exchange of the options I am tendering will constitute a binding agreement between TSA and me upon the terms and subject to the conditions of the offer.
- (H) Under certain circumstances set forth in the Offer to Exchange, TSA may terminate or amend the offer and postpone its acceptance and cancellation of any options tendered for exchange, and in any such event, the options I am tendering but not accepted for exchange will remain outstanding and retain their current exercise price and vesting schedule.
- (I) All options that I choose not to tender for exchange or that are not accepted for exchange, assuming they are not required to be tendered for exchange and canceled in accordance with the "six month look-back" described in clause (A) above, shall remain outstanding and retain their current exercise price and vesting schedule.

(J) TSA has advised me to consult with my own advisors as to the consequences of participating or not participating in the offer.

(K) I have read, understand and agree to all of the terms and conditions of the offer.

All authority herein conferred or agreed to be conferred shall not be affected by, and shall survive, my death or incapacity, and all of my obligations hereunder shall be binding upon my heirs, personal representatives, successors and assigns. Except as stated in the offer, this tender is irrevocable.

INSTRUCTIONS

THESE INSTRUCTIONS FORM PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. Method of Delivery of Acceptance Letter. This Acceptance Letter, properly completed and duly executed, and any other documents required by this Acceptance Letter, must

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be received by TSA at its address set forth on the front cover of this Acceptance Letter on or before August 28, 2001. TSA will not accept any alternative or contingent tenders. By execution of this Acceptance Letter, you waive any right to receive any notice of the acceptance of the options you tender, except as provided in the Offer to Exchange.

DELIVERY OF ALL DOCUMENTS, INCLUDING THIS ACCEPTANCE LETTER, TO AN ADDRESS OTHER THAN AS SET FORTH ON PAGE 1 OF THIS ACCEPTANCE LETTER WILL NOT CONSTITUTE A VALID DELIVERY. TSA WILL NOT ACCEPT DELIVERY BY FACSIMILE, E-MAIL, OR ANY FORM OF INTEROFFICE MAIL.

THE METHOD BY WHICH YOU DELIVER ANY REQUIRED DOCUMENTS IS AT YOUR ELECTION AND RISK. DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY TSA. TSA RECOMMENDS THAT YOU USE A COURIER SERVICE OR REGISTERED MAIL WITH RETURN RECEIPT REQUESTED AND THAT YOU PROPERLY INSURE THE DOCUMENTS. IN ALL CASES, YOU SHOULD ALLOW SUFFICIENT TIME TO ENSURE TIMELY DELIVERY.

2. Withdrawal of Tendered Options. Options tendered pursuant to the offer may be withdrawn at any time prior to August 28, 2001, the expiration date of the offer. If the offer is extended by TSA beyond that time, you may withdraw the options you tendered at any time until the extended expiration of the offer. In addition, unless TSA accepts the options you tendered before 11:59 p.m., Omaha, Nebraska time, on September 26, 2001, you may withdraw the options you tendered at any time after 11:59 p.m., Omaha, Nebraska time, on September 26, 2001. You must withdraw all the options you tendered pursuant to the offer; you may not withdraw only a portion of the options you tendered. To withdraw the options you tendered pursuant to the offer, you must deliver to TSA and TSA must receive while you still have the right to withdraw the options you tendered, a signed withdrawal letter with the required information. Withdrawals may not be rescinded and any options that are tendered and subsequently withdrawn will thereafter be deemed not properly tendered for purposes of the offer unless such withdrawn options are properly re-tendered prior to August 28, 2001 by following the procedures described in Section 1 above.

3. Inadequate Space. If the space provided in the table on page 1 of this Acceptance Letter is inadequate, the information requested should be provided on a separate schedule attached to this Acceptance Letter.

4. Tenders. If you intend to tender options pursuant the offer, you must complete the table on page 1 of this Acceptance Letter by providing the option number of each tendered option, the grant date of each tendered option, the number of shares of common stock subject to each tendered option, the grant date of each tendered option, the exercise price of each tendered option, and the name of the Option Plan. You may tender some, all or none of your outstanding options for exchange. However, if you tender an option, you must tender the full option to the extent it has not been exercised and all subsequent options with a lower exercise price that you received during the six months immediately prior to August 29, 2001, the date TSA expects to cancel the options accepted for exchange. Please note that for each option you tender, all such subsequent options will automatically be deemed to have been tendered by you; provided, however, if you have not received any options within the last six months, you are

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not required to tender, and you will not be deemed to have automatically tendered, any options. See Section 5 of the Offer to Exchange for a more detailed explanation of these requirements.

5. Signatures on this Acceptance Letter. If this Acceptance Letter is signed by the holder of the tendered options, the signature must correspond with the name as written on the face of the option agreement or agreements to which

the tendered options are subject without alteration, enlargement or any change whatsoever. If this Acceptance Letter is signed by a trustee, executor, administrator, guardian, attorney-in-fact or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to TSA of the authority of such person so to act must be submitted with this Acceptance Letter.

6. Requests for Assistance or Additional Copies. Any questions or requests for assistance, as well as requests for additional copies of the Offer to Exchange or this Acceptance Letter, should be directed to Eric Nipp at the address given on page 1 of this Acceptance Letter, at (402) 778-1911, or at nippe@tsainc.com. TSA will promptly furnish copies at its expense.

7. Irregularities. All questions as to the number of shares of common stock subject to tendered options to be accepted for exchange, and the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tendered options will be determined by TSA in its discretion, which determinations shall be final and binding on all parties. TSA reserves the right to reject any or all tendered options TSA determines not to be in proper form or the acceptance of which may, in the opinion of TSA's counsel, be unlawful. TSA also reserves the right to waive any of the conditions of the offer and any defect or irregularity in the tender of any particular tendered options, and TSA's interpretation of the terms of the offer (including these instructions) will be final and binding on all parties. No tender of options will be deemed to be properly made until all defects and irregularities have been cured or waived to TSA's satisfaction. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as TSA shall determine. Neither TSA nor any other person is or will be obligated to give notice of any defects or irregularities in tenders, and no person will incur any liability for failure to give any such notice.

8. Important Tax Information. You should carefully review Sections 8 and 13 of the Offer to Exchange, which contains important tax information.

WITHDRAWAL LETTER

TO WITHDRAW

PREVIOUSLY TENDERED OPTIONS UNDER THE
ACI HOLDING, INC. 1994 STOCK OPTION PLAN AND THE
TRANSACTION SYSTEMS ARCHITECTS, INC.
1996 STOCK OPTION PLAN AND 1999 STOCK OPTION PLAN

PURSUANT TO THE

OFFER TO EXCHANGE DATED AUGUST 1, 2001

THE WITHDRAWAL RIGHTS EXPIRE AT 11:59 P.M.,
OMAHA, NEBRASKA TIME, ON AUGUST 28, 2001,
UNLESS TSA EXTENDS THE OFFER

To: Transaction Systems Architects, Inc.
224 South 108th Avenue
Omaha, Nebraska 68154
Attn: Mary Ramsdell

Pursuant to the terms and subject to the conditions of the Offer to Exchange dated August 1, 2001, my Acceptance Letter and this Withdrawal Letter, I hereby withdraw the tender of all of my eligible options that I previously tendered pursuant to the Offer to Exchange and my Acceptance Letter.

To Transaction Systems Architects, Inc.:

Upon the terms and subject to the conditions set forth in the Offer to Exchange dated August 1, 2001 and my Acceptance Letter dated _____, 2001, I tendered to Transaction Systems Architects, Inc. ("TSA"), options to purchase shares of its Class A common stock, par value \$.0005 (the "common stock"), outstanding under the ACI Holding, Inc. 1994 Stock Option Plan and the Transaction Systems Architects, Inc. 1996 Stock Option Plan and 1999 Stock Option Plan on August 28, 2001 in exchange for new options. Pursuant to the terms and subject to the conditions of the offer, I understand that I can withdraw the tender of the options I tendered pursuant to the offer prior to 11:59 p.m., Omaha, Nebraska time, on August 28, 2001, unless TSA has extended the period of time the offer will remain open. In addition, unless TSA accepts the options I tendered before 11:59 p.m., Omaha, Nebraska time, on September 26, 2001, I understand that I may withdraw the options I tendered at any time after September 26, 2001. Accordingly, under the terms and subject to the conditions set forth in the offer and this Withdrawal Letter, I, the undersigned, hereby withdraw the tender of all the options I tendered pursuant to the offer.

I understand and acknowledge that:

(1) I may not rescind my withdrawal and the tendered options that I hereby withdraw will be deemed not properly tendered for purposes of the offer unless I re-tender those options prior to August 28, 2001 by following the procedures described in Section 3 of the Offer to Exchange.

(2) I must withdraw all of my tendered options; I may not withdraw only a portion of my tendered options. Upon withdrawal of my tendered options, I understand that all such options shall remain outstanding pursuant to their original terms and conditions, including their exercise prices and vesting schedule.

(3) Neither TSA nor any other person is obligated to give notice of any defects or irregularities in any withdrawal letter, nor will anyone incur any liability for failure to give any such notice. TSA will determine, in its discretion, all questions as to the form and validity, including time of receipt, of withdrawal letters. TSA's determination of these matters will be final and binding.

(4) All authority herein conferred or agreed to be conferred shall not be affected by, and shall survive, my death or incapacity, and all of my obligations hereunder shall be binding upon my heirs, personal representatives, successors and assigns. As stated above, this withdrawal may not be rescinded.

(5) I agree to all of the terms and conditions of the offer and this Withdrawal Letter.

INSTRUCTIONS

1. Method of Delivery of Withdrawal Letter. To withdraw the tender of

the tendered options, the signed signature page of this Withdrawal Letter must be received by TSA at its address set forth on the front cover of this Withdrawal Letter on or prior to August 28, 2001. A properly signed paper copy of the signature page of this Withdrawal Letter must be delivered by external mail.

DELIVERY OF ALL DOCUMENTS, INCLUDING THIS WITHDRAWAL LETTER, TO AN ADDRESS OTHER THAN AS SET FORTH ON PAGE 1 WILL NOT CONSTITUTE A VALID DELIVERY. TSA WILL NOT ACCEPT DELIVERY BY FACSIMILE, E-MAIL, OR ANY FORM OF INTEROFFICE MAIL.

THE METHOD BY WHICH YOU DELIVER THIS WITHDRAWAL LETTER IS AT YOUR ELECTION AND RISK. DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY TSA. TSA RECOMMENDS THAT YOU USE A COURIER SERVICE OR REGISTERED MAIL WITH RETURN RECEIPT REQUESTED AND THAT

YOU PROPERLY INSURE THE DOCUMENT. IN ALL CASES, YOU SHOULD ALLOW SUFFICIENT TIME TO ENSURE TIMELY DELIVERY.

2. Signatures on this Withdrawal Letter. This Withdrawal Letter must be completed and signed in the same name that appears on the Acceptance Letter previously submitted by the eligible employee who tendered the tendered options. If the signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or another person acting in a fiduciary or representative capacity, the signer's full title must be specified and proper evidence of the authority of such person to act in such capacity must be submitted with this Withdrawal Letter.

SIGNATURE OF OWNER

Name: -----

Capacity: -----

Tax ID/SSN: -----

Date: -----

Address: -----

Telephone No.: -----

Cover Letter To Option Holders Accompanying Offer To Exchange

[THE FOLLOWING PARAGRAPH TO BE INSERTED INTO COVER LETTERS SENT BY E-MAIL]
Accompanying the text of this email are 3 attachments ([1] Offer to Exchange, dated August 1, 2001; [2] Form of Acceptance Letter; and [3] Form of Withdrawal Letter). Also within this email is a link to a Lotus Notes library containing various additional documents (some of which have been issued to you in the past and may already be in your possession). When printed, the 3 attached documents and the documents within the Lotus Note library consist of approximately 30 and 130 pages, respectively. If you are located in either Omaha or Watford and have an immediate need or desire for printed copies of these documents, (1) do not immediately attempt to print all documents via a network printer, (2) limit your immediate printing of documents to the printing of this email and the three attached documents, and (3) pick up pre-printed copies of the documents within the Lotus Notes library from either Mary Ramsdell (Omaha - 224) or Bijal Shaw (Watford - 59 Clarendon Road). Thank you.

August 1, 2001

Dear Option Holder:

Transaction Systems Architects, Inc. ("TSA") recognizes that many of the stock options granted under the ACI Holding, Inc. 1994 Stock Option Plan and the Transaction Systems Architects, Inc. 1996 Stock Option Plan and 1999 Stock Option Plan may not be providing the intended incentive to its valued employees and directors. In fact, the current economic and industry downturn has resulted in approximately 81% of the stock options currently held by employees being "underwater," that is, with an exercise price that is above the current market price of our Class A common stock (the "common stock").

Accordingly, we are pleased to commence the offer to eligible employees and eligible directors to exchange certain currently outstanding options for new options expected to be granted on or about March 4, 2002. Our goal is to ensure that stock options continue to fuel employee and director commitment, motivation and enthusiasm, and our ability to attract and retain the talent so important to our long-term success.

There are many important details regarding this voluntary offer contained in the Offer to Exchange and other related documents that accompany this letter, and you are urged to read these materials thoroughly. However, some key elements of the offer are worth highlighting:

- o The number of shares of common stock subject to new options to be granted to each option holder will be equal to the number of shares subject to the eligible options tendered by such option holder and accepted for exchange.
- o The terms and conditions of the new options will be substantially similar to the terms and conditions of your eligible options that are tendered and accepted for exchange. The new options will have (a) an exercise price equal to the fair market value of the common stock on that grant date, (b) an 18 month, monthly vesting schedule that begins on that grant date, except that if executive officers tender options under the our 1994 Option Plan, their new options will vest 25% annually on each anniversary of that grant date, and (c) an expiration date of ten years from that grant date, except that certain new options granted to residents of the United Kingdom may have an expiration date of seven years from that grant date.
- o The per share exercise price of the new options granted to you will equal 100% of the fair market value of our common stock on the date we grant the new options.
- o You may only tender options for all or none of the shares of common stock currently subject to an option grant.

This offer is not open to the public. It is extended only to eligible employees and eligible directors of TSA or its subsidiaries as outlined in the Offer to Exchange. The information provided in the Offer to Exchange goes into greater detail on the eligibility requirements.

There is no way to predict what the price of our common stock will be between now and on March 4, 2002, or thereafter. It is possible that the market price of our common stock on the date of grant of any new options will be higher than the current exercise price of eligible options. Thus, eligible employees and eligible directors should make a decision to participate in this offer only after careful, considered thought. TSA makes no recommendation as to whether you should participate in this offer.

If you decide to tender your eligible options for exchange under this offer, you must properly complete and submit the Acceptance Letter to us at the address set forth below NO LATER THAN 11:59 P.M. Omaha, Nebraska time on August 28, 2001 by external mail only. DELIVERY BY FACSIMILE, E-MAIL, OR ANY FORM OF INTEROFFICE MAIL WILL NOT BE ACCEPTED.

As soon as practicable after the date the new options are granted, we will deliver a new option agreement to each tendering option holder whose tendered options were accepted for exchange and cancelled by us.

Direct any questions you may have about the offer or requests for assistance to:

Eric Nipp
Transaction Systems Architects, Inc.
224 South 108th Avenue
Omaha, Nebraska 68154
Telephone No: (402) 778-1911
E-mail: nippe@tsainc.com

If you wish to tender your options for exchange, you must complete and submit your forms to:

Mary Ramsdell
Transaction Systems Architects, Inc.
224 South 108th Avenue
Omaha, Nebraska 68154

Highly motivated employees and directors are critical to making Transaction Systems Architects, Inc. the most valued company to our customers, stockholders, and employees and we hope that this program will further that goal. We thank you for your continued efforts on behalf of Transaction Systems Architects, Inc.

Sincerely,

/s/Lang G. Fendley

ADDENDUM FOR EMPLOYEES IN AUSTRALIA

TAX INFORMATION

This summary does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, but is merely intended to alert you to some of the tax information you may want to consider in making your decision.

If you surrender your eligible options pursuant to the terms of the offer, you will be deemed to have disposed of your eligible options as consideration for the right to receive new options. In general, the tax treatment depends on whether you elected to include the discount (I.E., the market value of the eligible options at the time of grant) in your assessable income for the income year in which such eligible options were granted. If you did not elect to include the discount in your assessable income for that year, then you will be required to recognize income equal to the market value of the right to receive the new options as at the date of the exchange. If you did elect to include the discount in your assessable income, then you will derive a taxable capital gain equal to the market value of the right to receive new options at the date of the exchange less the cost basis of the eligible options, as applicable (subject to reduction by one-half if you have held the options for at least 12 months). You may be subject to taxation on the exercise of the new options and/or capital gains tax on the sale of the shares acquired upon the exercise of the new options. However, the tax payable on account of the option exchange may result in a reduction of the tax payable on the exercise of the new options or the sale of the shares acquired upon the exercise of the new options.

Please note that tax laws change frequently and vary with your individual circumstances. Please consult a tax advisor to determine the tax considerations and tax consequences relevant to your participation in the offer.

ADDENDUM FOR EMPLOYEES IN CANADA

TAX INFORMATION

This summary does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, but is merely intended to alert you to some of the tax information you may want to consider in making your decision.

Although it is not clear, it appears that the tender of eligible options and subsequent grant of new options will not be a taxable event under the Income Tax Act. However, the manner in which the Canada Customs and Revenue Agency will treat this transaction is not certain. It is possible that: (i) a tax-neutral rollover would be available; (ii) the value of the new options would be required to be included in your income; or (iii) the eligible options would be considered to be repriced options, resulting in the loss of the preferential 50% tax deduction and stock option tax deferral treatment ordinarily available upon the exercise of stock options.

Please note that tax laws change frequently and vary with your individual circumstances. Please consult a tax advisor to determine the tax considerations and tax consequences relevant to your participation in the offer.

ADDENDUM FOR EMPLOYEES IN SINGAPORE

TAX INFORMATION

This addendum does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, but is merely intended to alert you to some of the tax information you may want to consider in making your decision.

Generally, the grant of new options should not be a taxable event under the Income Tax Act. However, although we do not believe there will be a tax liability in connection with the tender of your eligible options, this is not completely certain.

Effective 1 April 2001, new legislation provides favorable tax treatment for stock options, provided that certain requirements are satisfied. It is possible that the new options may be structured to achieve such favorable tax consequences for all or a portion of the new options, but no assurances can be given to that effect.

Please note that tax laws change frequently and vary with your individual circumstances. Please consult a tax advisor to determine the tax considerations and tax consequences relevant to your participation in the offer.

ADDENDUM FOR EMPLOYEES IN THE NETHERLANDS

TAX INFORMATION

This addendum does not discuss all of the tax consequences that may be relevant to you in your particular circumstances, but is merely intended to alert you to some of the tax information you may want to consider in making your decision.

You may have already paid tax on the portion of your eligible options that has vested. In addition, any tender of your eligible options for cancellation may be viewed as an exercise which could trigger additional tax liability if the tender occurs within three years of your grant date. The precise amount and method of calculation of such tax liability is uncertain. It is our understanding that the amount of any taxes paid or payable on account of the eligible options would not be recoverable nor credited against any future tax you will be required to pay in connection with the new options granted to you pursuant to the terms of the offer.

If you choose to tender your eligible options, any grant of new options will be conditioned on your execution of an agreement to limit your method of exercise to a mandatory cashless exercise (same day sale). As a consequence, the taxable event will be deferred from vesting to the exercise date.

Please note that tax laws change frequently and vary with your individual circumstances. Please consult a tax advisor to determine the tax considerations and tax consequences relevant to your participation in the offer.

CONDITION TO ACCEPTANCE

The acceptance of your tender of eligible options is subject to compliance with local labor law.

TERMINATION OF EMPLOYMENT

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13. RIGHTS IN THE EVENT OF DEATH OR DISABILITY

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ACI HOLDING, INC.

1994 STOCK OPTION PLAN

ACI HOLDING, INC., A DELAWARE CORPORATION (THE "CORPORATION"), SETS FORTH HEREIN THE TERMS OF THIS STOCK OPTION PLAN (THE "PLAN") AS FOLLOWS:

1. PURPOSE

The Plan is intended to advance the interests of the Corporation by providing eligible individuals (as designated pursuant to Section 4 below) an opportunity to acquire (or increase) a proprietary interest in the Corporation, which thereby will create a stronger incentive to expend maximum effort for the

growth and success of the Corporation and its subsidiaries and will encourage such eligible individuals to remain in the employ or service of the Corporation or that of one or more of its subsidiaries. Each stock option granted under the Plan (an "Option") is intended to be an "incentive stock option" ("Incentive Stock Option") within the meaning of Section 422 of the Internal Revenue Code of 1986, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time (the "Code"), except to the extent that any such Option would exceed the limitations set forth in Section 7 below and except for Options specifically designated at the time of grant as not being "incentive stock options."

2. ADMINISTRATION

2.1 BOARD

The Plan shall be administered by the Board of Directors of the Corporation (the "Board"), which shall have the full power and authority to take all actions and to make all determinations required or provided for under the Plan or any Option granted or Option Agreement (as defined in Section 8 below) entered into hereunder and all such other actions and determinations not inconsistent with the specific terms and provisions of the Plan deemed by the Board to be necessary or appropriate to the administration of the Plan or any Option granted or Option Agreement entered into hereunder. The interpretation and construction by the Board of any provision of the Plan or of any Option granted or Option Agreement entered into hereunder shall be final and conclusive.

2.2 COMMITTEE

The Board may from time to time appoint a Stock Option Committee (the "Committee"). The Board, in its sole discretion, may provide that the role of the Committee shall be limited to making recommendations to the Board concerning any determinations to be made and actions to be taken by the Board pursuant to or with respect to the Plan, or the Board may delegate to the Committee such powers and authorities related to the administration of the Plan, as set forth in Section 2.1 above, as

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the Board shall determine, consistent with the Certificate of Incorporation and By-laws of the Corporation and applicable law. In the event that the Plan or any Option granted or Option Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken by or such determination may be made by the Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in this Section. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final and conclusive.

2.3 NO LIABILITY

No member of the Board or of the Committee shall be liable for any action or determination made, or any failure to take or make an action or determination, in good faith with respect to the Plan or any Option granted or Option Agreement entered into hereunder.

3. STOCK

The stock that may be issued pursuant to Options granted under the Plan shall be shares of Series B Common Stock of the Corporation (the "Stock"), which shares may be treasury shares or authorized but unissued shares. The number of shares of Stock that may be issued pursuant to Options granted under the Plan shall not exceed in the aggregate 477,744 shares of Stock, which number of shares is subject to adjustment as provided in Section 18 below. If any Option expires, terminates or is terminated for any reason prior to exercise in full, the shares of Stock that were subject to the unexercised portion of such Option shall be available for future Options granted under the Plan.

4. ELIGIBILITY

Options may be granted under the Plan to any employee of the Corporation or any "subsidiary corporation" thereof within the meaning of Section 424(f) of the Code (a "Subsidiary") (including any such employee who is an officer or director of the Corporation or any Subsidiary) as the Board shall determine and designate from time to time prior to expiration or termination of the Plan. An individual may hold more than one Option, subject to such restrictions as are provided herein.

5. EFFECTIVE DATE AND TERM OF THE PLAN

5.1 EFFECTIVE DATE

The Plan shall become effective as of the date of adoption by the Board, subject to stockholders' approval of the Plan within one year of such effective date by a majority of the votes cast at a duly held meeting of the stockholders of the Corporation at which a quorum representing a majority of all

outstanding stock is present, either in person or by proxy, and voting on the matter, or by written consent in accordance with applicable

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state law and the articles of incorporation and by-laws of the Corporation and in a manner that satisfies the requirements of Rule 16b-3(b) of the Exchange Act; PROVIDED, HOWEVER, that upon approval of the Plan by the stockholders of the Corporation as set forth above, all options granted under the Plan on or after the effective date shall be fully effective as if the stockholders of the Corporation had approved the Plan on the effective date.

5.2 TERM

The plan shall have no termination date, but no grant of an ISO may occur after the date that is ten years after the effective date.

6. GRANT OF OPTIONS

6.1 GENERAL

Subject to the terms and conditions of the Plan, the Board may, at any time and from time to time, grant to such eligible individuals as recommended by the Chief Executive Officer of the Corporation and approved by the Board ("Optionees") Options to purchase such number of shares of the Stock on such terms and conditions as the Board may determine, including any terms or conditions which may be necessary to qualify such Options as "incentive stock options" under Section 422 of the Code. Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify grants to eligible individuals who are foreign nationals or are individuals who are employed outside the United States to recognize differences in local law, tax policy or custom. The date on which the Board approves the grant of an Option shall be considered the date on which such Option is granted.

6.2 LIMITATION ON GRANTS OF OPTIONS TO EXECUTIVES

The maximum number of Shares subject to Options that can be awarded under the Plan to any executive officer of the Corporation, a subsidiary, or to any other person eligible for the grant of an Option under Section 4 is 238,872 shares.

7. LIMITATION ON INCENTIVE STOCK OPTIONS

An Option shall constitute an Incentive Stock Option only to the extent that the aggregate fair market value (determined at the time the Option is granted) of the Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionee during any calendar year (under the Plan and all other plans of the Optionee's employer corporation and its parent and subsidiary corporations within the meaning of Section 422(d) of the Code) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

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8. OPTION AGREEMENTS

All Options granted pursuant to the Plan shall be evidenced by written agreements ("Option Agreements") to be executed by the Corporation and by the Optionee, in such form or forms as the Board shall from time to time determine. Option Agreements covering Options granted from time to time or at the same time need not contain similar provisions; PROVIDED, however, that all such Option Agreements shall comply with all terms of the Plan.

9. OPTION PRICE

The purchase price of each share of the Stock subject to an Option (the "Option Price") shall be fixed by the Board and stated in each Option Agreement; provided that the minimum Option Price with respect to 238,872 shares of Stock shall be \$10.00 per share, and the minimum Option Price with respect to the remaining 238,872 shares of Stock shall be \$20.00 per share. In the case of an Option that is intended to constitute an Incentive Stock Option, the option price shall be not less than the fair market value of a share of the Stock covered by the Option on the date the Option is granted (as determined in good faith by the Board); PROVIDED, HOWEVER, that in the event the Optionee would otherwise be ineligible to receive an Incentive Stock Option by reason of the provisions of Sections 422(b)(6) and 424(d) of the Code (relating to stock ownership of more than ten percent), the Option Price of an Option which is intended to be an Incentive Stock Option shall be not less than the greater of par value or 110 percent of the fair market value of a share of the Stock covered by the Option at the time such Option is granted. In the event that the Stock is listed on an established national or regional stock exchange, is admitted to quotation on the National Association of Securities Dealers

Automated Quotation System, or is publicly traded in an established securities market, in determining the fair market value of the Stock, the Board shall use the closing price of the Stock on such exchange or System or in such market (the highest such closing price if there is more than one such exchange or market) on the date the Option is granted (or, if there is no such closing price, then the Board shall use the mean between the highest bid and lowest asked prices or between the high and low prices on such date), or, if no sale of the Stock has been made on such day, on the next preceding day on which any such sale shall have been made.

10. TERM AND EXERCISE OF OPTIONS

10.1 TERM

Each Option granted under the Plan shall terminate and all rights to purchase shares thereunder shall cease upon the expiration of ten years from the date such Option is granted, or on such date prior thereto as may be fixed by the Board and stated in the Option Agreement relating to such Option; provided, however, that in the event the Optionee would otherwise be ineligible to receive an Incentive Stock Option by reason of the provisions of Sections 422(b)(6) and 424(d) of the Code (relating to stock ownership of more than ten percent), an Option granted to such Optionee which is

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intended to be in Incentive Stock Option shall in no event be exercisable after the expiration of five years from the date it is granted.

10.2 OPTION PERIOD AND LIMITATIONS ON EXERCISE

Each Option granted under the Plan shall be exercisable, in whole or in part, at any time and from time to time over a period commencing on or after the date of grant and ending upon the expiration or termination of the Option, as the Board shall determine and set forth in the Option Agreement relating to such Option; provided, however, that no Option may become exercisable at a rate faster than 1/48th of the shares originally covered thereby for each month which shall have expired since the date the Option was granted. Any limitation on the exercise of an Option contained in any Option Agreement may be rescinded, modified or waived by the Board, in its sole discretion, at any time and from time to time after the date of grant of such Option, so as to accelerate the time at which the Option may be exercised. Notwithstanding any other provisions of the Plan, no Option shall be exercisable in whole or in part prior to the date the Plan is approved by the stockholders of the Corporation as provided above.

10.3 METHOD OF EXERCISE

An Option that is exercisable hereunder may be exercised by delivery to the Corporation on any business day, at its principal office addressed to the attention of the President, of written notice of exercise, which notice shall specify the number of shares with respect to which the Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised. The minimum number of shares of Stock with respect to which an Option may be exercised, in whole or in part, at any time shall be the lesser of 100 shares or the maximum number of shares available for purchase under the Option at the time of exercise. Payment of the Option Price for the shares of Stock purchased pursuant to the exercise of an Option shall be made, as determined by the Board and set forth in the Option Agreement pertaining to an Option, either (i) in cash or by check payable to the order of the Corporation (which check may, in the discretion of the Corporation, be required to be certified); (ii) through the tender to the Corporation of shares of Stock, which shares shall be valued, for purposes of determining the extent to which the Option Price has been paid thereby, at their fair market value (determined in the manner described in Section 9 above) on the date of exercise; (iii) to the extent permitted by applicable law, by the delivery of a promissory note of the person exercising the Option to the Corporation on such terms as shall be set out in the Option Agreement; (iv) to the extent permitted by applicable law, by causing the Corporation to withhold shares of stock otherwise issuable pursuant to exercise of an option equal in value to the Option Price or portion thereof to be satisfied pursuant to this clause (iv); or (v) by a combination of the methods described in (i) and (ii); provided, however, that the Board may in its discretion impose and set forth in the Option Agreement pertaining to an Option such limitations or prohibitions on the use of shares of Stock to exercise Options as it deems appropriate. An attempt to exercise any Option granted hereunder other than as set forth above shall be invalid and of no force and effect. Promptly after the

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exercise of an Option and the payment in full of the Option Price of the shares of Stock covered thereby, the individual exercising the Option shall be entitled to the issuance of a Stock certificate or certificates evidencing his ownership of such shares. A separate Stock certificate or certificates shall be issued for

any shares purchased pursuant to the exercise of an Option which is an Incentive Stock Option, which certificate or certificates shall not include any shares which were purchased pursuant to the exercise of an Option which is not an Incentive Stock Option. An individual holding or exercising an Option shall have none of the rights of a stockholder until the shares of Stock covered thereby are fully paid and issued to him, and, except as provided in Section 18 below, no adjustment shall be made for dividends or other rights for which the record date is prior to the date of such issuance.

11. TRANSFERABILITY

11.1 TRANSFERABILITY OF OPTIONS

During the lifetime of an Optionee, only such Optionee (or, in the event of legal incapacity or incompetency, the Optionee's guardian or legal representative) may exercise the Option. No Option shall be assignable or transferable by the Optionee to whom it is granted, other than by will or the laws of descent and distribution.

11.2 STOCK AND WARRANT HOLDERS' AGREEMENT AND VOTING AGREEMENT

Shares of Stock acquired pursuant to exercise of an Option shall be subject to the ACI Holding, Inc. Stock and Warrant Holders' Agreement entered into as of December 31, 1993 (the "Stock and Warrant Holders' Agreement") and the Voting Agreement dated December 31, 1993, and the Board shall so provide in each Option Agreement.

12. TERMINATION OF EMPLOYMENT

Upon the termination of the employment of an Optionee with the Corporation or a Subsidiary, other than by reason of the death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Optionee, any Option granted to an Optionee pursuant to the Plan shall terminate, and such Optionee shall have no further right to purchase shares of Stock pursuant to such Option; PROVIDED, HOWEVER, that in the event that such termination of employment is by reason of the Optionee's retirement with the consent of the Corporation or a Subsidiary in accordance with the normal retirement policies of the Corporation or a Subsidiary, as the case may be, then such Optionee shall have the right (subject to the general limitations on exercise set forth in Section 10.2 above), at any time within three months after such retirement and prior to termination of the Option pursuant to Section 10.1 above, to exercise, in whole or in part, any Option held by such Optionee at the date of such retirement, whether or not such Option was exercisable immediately prior to such retirement; PROVIDED FURTHER, that the Board may provide, by inclusion of appropriate language in any Option Agreement, that an Optionee may (subject to the general limitations on exercise set

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forth in Section 10.2 above), in the event of termination of employment of the Optionee with the Corporation or a Subsidiary, exercise an Option, in whole or in part, at any time subsequent to such termination of employment and prior to termination of the Option pursuant to Section 10.2 above, either subject to or without regard to any installment limitation on exercise imposed pursuant to Section 10.2 above, as the Board, in its sole and absolute discretion, shall determine and set forth in the Option Agreement. Whether a termination of employment is to be considered by reason of retirement with the consent of the Corporation or a Subsidiary in accordance with the normal retirement policies of the Corporation or a Subsidiary, as the case may be, and whether a leave of absence or leave on military or government service shall constitute a termination of employment for purposes of the Plan, shall be determined by the Board, which determination shall be final and conclusive. For purposes of the Plan, a termination of employment with the Corporation or a Subsidiary shall not be deemed to occur if the Optionee is immediately thereafter employed with the Corporation or any other Subsidiary.

13. RIGHTS IN THE EVENT OF DEATH OR DISABILITY

13.1 DEATH

If an Optionee dies while employed by the Corporation or a Subsidiary, the executors or administrators or legatees or distributees of such Optionee's estate shall have the right (subject to the general limitations on exercise set forth in Section 10.2 above), at any time within one year after the date of such Optionee's death and prior to termination of the Option pursuant to Section 10.1 above, to exercise any Option held by such Optionee at the date of such Optionee's death, whether or not such Option was exercisable immediately prior to such Optionee's death; PROVIDED, HOWEVER, that the Board may provide by inclusion of appropriate language in any Option Agreement that, in the event of the death of an Optionee, the executors or administrators or legatees or distributees of such Optionee's estate may exercise an Option (subject to the general limitations on exercise set forth in Section 10.2 above), in whole or in part, at any time subsequent to such Optionee's death and prior to termination of the Option pursuant to Section 10.1 above, either subject to or without regard to any installment limitation on exercise imposed pursuant to Section

10.2 above, as the Board, in its sole and absolute discretion, shall determine and set forth in the Option Agreement.

13.2 DISABILITY

If an Optionee terminates employment with the Corporation or a Subsidiary by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Optionee, then such Optionee shall have the right (subject to the general limitations on exercise set forth in Section 10.2 above), at any time within one year after such termination of employment and prior to termination of the Option pursuant to Section 10.1 above, to exercise, in whole or in part, any Option held by such Optionee at the date of such termination of employment, whether or not such Option was exercisable immediately prior to such termination of employment; provided,

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however, that the Board may provide, by inclusion of appropriate language in any Option Agreement, that an Optionee may (subject to the general limitations on exercise set forth in Section 10.2 above), in the event of the termination of employment of the Optionee with the Corporation or a Subsidiary by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Optionee, exercise an Option, in whole or in part, at any time subsequent to such termination of employment and prior to termination of the Option pursuant to Section 10.1 above, either subject to or without regard to any installment limitation on exercise imposed pursuant to Section 10.2 above as the Board, in its sole and absolute discretion, shall determine and set forth in the Option Agreement. Whether a termination of employment is to be considered by reason of "permanent and total disability" for purposes of this Plan shall be determined by the Board, which determination shall be final and conclusive.

14. USE OF PROCEEDS

The proceeds received by the Corporation from the sale of Stock pursuant to Options granted under the Plan shall constitute general funds of the Corporation.

15. SECURITIES ACT OF 1933

The Corporation shall not be required to sell or issue any shares of Stock under any Option if the sale or issuance of such shares would constitute a violation by the individual exercising the Option or the Corporation of any provisions of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Corporation shall determine, in its discretion, that the listing, registration, or qualification of any shares subject to the Option upon any securities exchange or under any state or regulatory or self-regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares, the Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Corporation, and any delay caused thereby shall in no way affect the date of termination of the Option. Specifically in connection with the Securities Act of 1933, as amended (the "Securities Act"), upon exercise of any Option, unless a registration statement under such Act is in effect with respect to the shares of Stock covered by such Option, the Corporation shall not be required to sell or issue such shares unless the Corporation has received evidence satisfactory to it that the holder of such Option may acquire such shares pursuant to an exemption from registration under such Act. Any determination in this connection by the Corporation shall be final, binding, and conclusive. The Corporation may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Corporation shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of shares pursuant thereto to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable unless and until the shares of Stock covered by such Option are registered or are subject to an

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available exemption from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

16. SECURITIES EXCHANGE ACT OF 1934; RULE 16b-3

16.1 GENERAL

The Plan is intended to comply with Rule 16b-3 ("Rule 16b-3") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from and after the date on which the Corporation first registers a class of equity security under Section 12 of the Exchange Act (the "Registration Date"). From and after

the Registration Date, any provision inconsistent with Rule 16b-3 (as in effect on the Registration Date) shall, to the extent permitted by law and determined to be advisable by the Committee (constituted in accordance with Section 16.2) or the Board (acting pursuant to Section 16.3), be inoperative and void. In addition, from and after the Registration Date the provisions set forth in Sections 16.2 through 16.5 shall apply.

16.2 STOCK OPTION COMMITTEE

From and after the Registration Date, the Committee appointed pursuant to Section 2.2 shall consist of not fewer than two members of the Board, neither of whom, during the period of service on such Committee and the year prior to service on such Committee, shall have been granted an Option under this Plan or been granted or awarded an option or other security under any plan of the Corporation other than as permitted under Rule 16b-3(c)(2)(i) and each of whom shall qualify (at the time of appointment to the Committee and during all periods of service on the Committee) in all respects as a "disinterested person" as defined in Rule 16b-3.

16.3 ACTION BY THE BOARD

From and after the Registration Date, the Board may act under the Plan other than by, or in accordance with the recommendations of, the Committee, constituted as set forth in Section 16.2 above, only if all members of the Board are "disinterested persons" as defined in Rule 16b-3.

16.4 ADDITIONAL RESTRICTIONS ON TRANSFER OF STOCK

From and after the Registration Date, no director, officer or other "insider" of the Corporation subject to Section 16 of the Exchange Act shall be permitted to sell Stock (which such "insider" had received upon exercise of an Option) during the six months immediately following the grant of such Option.

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16.5 ADDITIONAL REQUIREMENT OF STOCKHOLDERS' APPROVAL

From and after the Registration Date, no amendment by the Board shall, without approval by a majority of the votes cast at a duly held meeting of the stockholders of the Corporation at which a quorum representing a majority of all outstanding stock is present, either in person or by proxy, and voting on the amendment, or by written consent in accordance with applicable state law and the articles of incorporation and by-laws of the Corporation, materially increase the benefits accruing to Section 16 "insiders" under the Plan or take any other action that would require the approval of such stockholders pursuant to Rule 16b-3.

17. AMENDMENT AND TERMINATION OF THE PLAN

With the approval of at least two Management Directors (as defined in the Stock and Warrant Holders' Agreement), the Board may, at any time and from time to time, amend, suspend or terminate the Plan as to any shares of Stock as to which Options have not been granted; PROVIDED, HOWEVER, that no amendment by the Board shall, without approval by a majority of the votes cast at a duly held meeting of stockholders of the Corporation at which a quorum representing a majority of all outstanding stock is present, either in person or by proxy, and voting on the amendment, or by written consent in accordance with applicable state law and the articles of incorporation and by-laws of the Corporation, materially change the requirements as to eligibility to receive Options or increase the maximum number of shares of Stock in the aggregate that may be sold pursuant to Options granted under the Plan (except as permitted under Section 18 hereof). The Corporation may also retain the right in an Option Agreement to cause a forfeiture of the shares or gain realized by a holder of an Option on account of the holder taking actions in "competition with the Corporation," as defined in the applicable Option Agreement. Except as permitted under Section 18 hereof, no amendment, suspension or termination of the Plan shall, without the consent of the holder of the Option, alter or impair rights or obligations under any Option theretofore granted under the Plan.

18. EFFECT OF CHANGE IN CAPITALIZATION

18.1 CHANGES IN STOCK

If the number of outstanding shares of Stock is increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Corporation by reason of the conversion of the outstanding shares of Series B Common Stock into shares of Series A Common Stock of the Corporation pursuant to the terms of the Charter of the Corporation, or by reason of any recapitalization, reclassification, stock split-up, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Corporation, occurring after the effective date of the Plan, the number and kinds of shares for the purchase of which Options may be granted under the Plan shall be adjusted proportionately and

accordingly by the Corporation. In addition, the number and kind of shares for which Options are outstanding shall be adjusted proportionately and accordingly, so that the proportionate interest of the holder of the Option immediately following such event shall, to the extent practicable, be the same as immediately prior to such event. Any such adjustment in outstanding Options shall not change the aggregate Option Price payable with respect to shares subject to the unexercised portion of the Option outstanding but shall include a corresponding proportionate adjustment in the Option Price per share.

18.2 REORGANIZATION WITH CORPORATION SURVIVING

Subject to Section 18.3 hereof, if the Corporation shall be the surviving corporation in any reorganization, merger or consolidation of the Corporation with one or more other corporations, any Option theretofore granted pursuant to the Plan shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to such Option would have been entitled immediately following such reorganization, merger or consolidation, with a corresponding proportionate adjustment of the Option Price per share so that the aggregate Option Price thereafter shall be the same as the aggregate Option Price of the shares, remaining subject to the Option immediately prior to such reorganization, merger or consolidation.

18.3 OTHER REORGANIZATIONS; SALE OF ASSETS/STOCK

Upon the dissolution or liquidation of the Corporation, or upon a merger, consolidation or reorganization of the Corporation with one or more other corporations in which the Corporation is not the surviving corporation, or upon a sale of substantially all of the assets of the Corporation to another corporation, or upon any transaction (including, without limitation, a merger or reorganization in which the Corporation is the surviving corporation) approved by the Board which results in any person or entity (other than persons who are holders of stock of the Corporation at the time the Plan is approved by the Stockholders and other than an Affiliate) owning 80 percent or more of the combined voting power of all classes of stock of the Corporation, the Plan and all Options outstanding hereunder shall terminate, except to the extent provision is made in writing in connection with such transaction for the continuation of the Plan and/or the assumption of the Options theretofore granted, or for the substitution for such Options of new options covering the stock of a successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kinds of shares and exercise prices, in which event the Plan and Options theretofore granted shall continue in the manner and under the terms so provided. In the event of any such termination of the Plan, each individual holding an Option shall have the right (subject to the general limitations on exercise set forth in Section 10.2 above), immediately prior to the occurrence of such termination and during a period of at least thirty days prior to such termination, to exercise such Option in whole or in part, whether or not such Option was otherwise exercisable at the time such termination occurs and without regard to any installment limitation on exercise imposed pursuant to Section 10.2 above. The Board shall send written notice of an event that will result in such a termination to all individuals who hold Options not later than the thirty days prior to the termination.

18.4 ADJUSTMENTS

Adjustments under this Section 18 related to stock or securities of the Corporation shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares of Stock or units of other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share or unit.

18.5 NO LIMITATIONS ON CORPORATION

The grant of an Option pursuant to the Plan shall not affect or limit in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

19. DISCLAIMER OF RIGHTS

No provision in the Plan or in any Option granted or Option Agreement entered into pursuant to the Plan shall be construed to confer upon any individual the right to remain in the employ of the Corporation or any Subsidiary, or to interfere in any way with the right and authority of the Corporation or any Subsidiary either to increase or decrease the compensation of any individual at any time, or to terminate any employment or other relationship between any individual and the Corporation or any Subsidiary. The obligation of

the Corporation to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Corporation to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any participant or beneficiary under the terms of the Plan.

20. NONEXCLUSIVITY OF THE PLAN

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Corporation for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or individuals) as the Board in its discretion determines desirable, including, without limitation, the granting of stock options otherwise than under the Plan.

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This Plan was duly adopted and approved by the Board of Directors of the Corporation on December 31, 1993 and was duly approved by the stockholders of the Corporation on _____.

David P. Stokes, Secretary

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TRANSACTION SYSTEMS ARCHITECTS, INC.

STOCK OPTION AGREEMENT

ACI HOLDING, INC.
1994 STOCK OPTION PLAN

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TRANSACTION SYSTEMS ARCHITECTS, INC.

STOCK OPTION AGREEMENT
ACI HOLDING, INC. 1994 STOCK OPTION PLAN

This Stock Option Agreement (the "Option Agreement") is made as of < < DATE > >, by and between Transaction Systems Architects, Inc. (TSA) a Delaware corporation (the "Corporation") and < < NAME1 > >, an employee of the Corporation or its subsidiaries (the "Optionee").

WHEREAS, the Board of Directors of the Corporation has duly adopted and approved the 1994 Stock Option Plan (the "Plan"), which Plan authorizes the Corporation to grant to eligible individuals options for the purchase of shares of the Corporation's Class A Common Stock (the "Stock"); and

WHEREAS, the Corporation has determined that it is desirable and in its best interests to grant the Optionee, pursuant to the Plan, an option to purchase a certain number of shares of Stock, in order to provide the Optionee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein.

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

1. GRANT OF OPTION

Subject to the terms of the Plan, the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth in the Plan and in this Agreement, < < NUMBER > > shares of Class A Common Stock. The date of grant of this Option is < < DATE > >.

2. TERMS OF PLAN

The Option granted pursuant to this Option Agreement is granted subject to the terms and conditions set forth in the Plan (a copy of which is attached). All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Option Agreement by reference and shall be deemed to be part of this Option Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to exercise or termination of the Option following the Optionee's termination of employment, disability, death or retirement or certain changes

in capitalization of the Corporation) are not otherwise set forth in this Option Agreement. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern.

3. PRICE

The purchase price (the "Option Price" or "Grant Price") for the shares of Stock subject to the Option granted by this Option Agreement is \$ < PRICE > per share.

4. EXERCISE OF OPTION

Except as otherwise provided herein, and subject to the provisions of the Plan (including restrictions on the transferability of the Option and special provisions relating to exercise or termination of the Option following the Optionee's termination of employment, disability, death or retirement or certain changes in capitalization of the Corporation), the Option granted pursuant to this Option Agreement shall be subject to exercise as follows:

4.1 TIME OF EXERCISE OF OPTION

The Optionee may exercise the Option (subject to the limitations on exercise set forth in this Agreement and in the Plan), in installments as follows: on the last day of each month following the date of grant of the Option, as set forth in Section 1 above, the Option shall be exercisable in respect of 1/48th of the number of shares specified in Section 1 above. The foregoing installments, to the extent not exercised, shall accumulate and be exercisable, in whole or in part, at any time and from time to time, after becoming exercisable and prior to the termination of the Option; PROVIDED, that no single exercise of the Option shall be for less than 100 shares, unless the number of shares purchased is the total number at the time available for purchase under this Option.

4.2 TERMINATION OF OPTION

The Option shall terminate upon the earlier of the expiration of a period of (i) ten years from the date of grant of the Option, as set forth in Section 1 above, or (ii) thirty days from the date of the Optionee's termination of employment with the Corporation or a subsidiary; PROVIDED, HOWEVER, that if such termination of employment falls within the scope of one of the provisions of the Plan providing for an extended exercise period in excess of thirty days, the Option shall terminate upon the expiration of the extended period, as specified in such provision, after the Optionee's termination of employment with the Corporation or a subsidiary within which the Option is exercisable.

4.3 LIMITATIONS ON EXERCISE OF OPTION

Notwithstanding the foregoing Subsections, in no event may the Option be exercised, in whole or in part, after ten years following the date upon which the Option is granted, as set forth in Section 4.2 above, or after the occurrence of an event which results in termination of the Option under the Plan. In no event may the Option be exercised for a fractional share.

4.4 METHOD OF EXERCISE OF OPTION

Subject to the terms and conditions of this Option Agreement, the Option may be exercised by delivering written notice of exercise to the Corporation, at its principal office, addressed to the attention of TSA's Stock Plan Administrator, which notice shall specify the number of shares for which the Option is being exercised, and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised. Payment of the Option Price for the shares of Stock purchased pursuant to the exercise of the Option shall be made either in cash or by check payable to the order of the Corporation. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option. An attempt to exercise the Option granted hereunder other than as set forth above shall be invalid and of no force and effect. Promptly after exercise of the Option as provided for above, the Corporation shall deliver to the person exercising the Option a certificate or certificates for the shares of Stock being purchased.

4.5 PARACHUTE LIMITATIONS

Notwithstanding any other provision of this Option Agreement or the Plan or any other agreement, contract or understanding heretofore or hereafter entered into by the Optionee with the Corporation (or any subsidiary or affiliate thereof), except an agreement, contract or understanding hereafter entered into that expressly modifies or excludes application of this Subsection

(the "Other Agreements"), and notwithstanding any formal or informal plan or other arrangements heretofore or hereafter adopted by the Corporation (or any such subsidiary or affiliate) for the direct or indirect compensation of the Optionee (including groups or classes of participants or beneficiaries of which the Optionee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Optionee (an "Other Benefit Plan"), the Optionee shall not have any right to exercise an Option or receive any payment or other benefit under this Option Agreement, any Other Agreement, or any Other Benefit Plan if such right to exercise, payment or benefit, taking into account all other rights, payments or benefits to or for the Optionee under this Option

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Agreement, all Other Agreements and all Other Benefit Plans, would cause any right, payment or benefit to the Optionee under this Option Agreement to be considered a "parachute payment" within the meaning of Section 280G(b)(2) of the Internal Revenue Code as then in effect (a "Parachute Payment"). In the event that the receipt of any such right to exercise or any other payment or benefit under this Option Agreement, any Other Agreement or any Other Benefit Plan would cause the Optionee to be considered to have received a Parachute Payment under this Agreement, then the Optionee shall have the right, in the Optionee's sole discretion, to designate those rights, payments or benefits under this Option Agreement, any Other Agreements, and/or any Other Benefit Plans, which should be reduced or eliminated so as to avoid having the right, payment or benefit to the Optionee under this Option Agreement be deemed to be a Parachute Payment.

5. TRANSFERABILITY

5.1 TRANSFERABILITY OF OPTIONS

During the lifetime of an Optionee, only such Optionee (or, in the event of legal incapacity or incompetency, the Optionee's guardian or legal representative) may exercise the Option. No Option shall be assignable or transferable by the Optionee to whom it is granted, other than by will or the laws of descent and distribution.

6. RIGHTS AS STOCKHOLDER

Neither the Optionee nor any executor, administrator, distributee or legatee of the Optionee's estate shall be, or have any of the rights or privileges of, a stockholder of the Corporation in respect of any shares of Stock issuable hereunder unless and until such shares have been fully paid and certificates representing such shares have been endorsed, transferred and delivered, and the name of the Optionee (or of such personal representative, administrator, distributee or legatee of the Optionee's estate) has been entered as the stockholder or record on the books of the Corporation.

7. WITHHOLDING OF TAXES

The parties hereto recognize that the Corporation or a subsidiary may be obligated to withhold federal and local income taxes and Social Security taxes to the extent that the Optionee realizes ordinary income in connection with the exercise of the Option or in connection with a disposition of any shares of Stock acquired by exercise of the Option. The Optionee agrees that the Corporation or a subsidiary may withhold amounts needed to cover such taxes from payments otherwise due and owing to the Optionee, and also agrees that upon demand the Optionee will promptly pay to the

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Corporation or a subsidiary having such obligation any additional amounts as may be necessary to satisfy such withholding tax obligation. Such payment shall be made in cash or by check payable to the order of the Corporation or a subsidiary.

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8. DISCLAIMER OF RIGHTS

No provision in this Option Agreement shall be construed to confer upon the Optionee the right to be employed by the Corporation or any subsidiary, or to interfere in any way with the right and authority of the Corporation or any subsidiary either to increase or decrease the compensation of the Optionee at any time, or to terminate any employment or other relationship between the Optionee and the Corporation or any subsidiary.

9. INTERPRETATION OF THIS OPTION AGREEMENT

THIS OPTION SHALL NOT CONSTITUTE AN INCENTIVE STOCK OPTION WITHIN THE MEANING OF SECTION 422 OF THE CODE. All decisions and interpretations made by the Board or the Stock Option Committee thereof with regard to any question

arising under the Plan or this Option Agreement shall be binding and conclusive on the Corporation and the Optionee and any other person entitled to exercise the Option as provided for herein.

10. GOVERNING LAW

This Option Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).

11. BINDING EFFECT

Subject to all restrictions provided for in this Option Agreement, the Plan, and by applicable law relating to assignment and transfer of this Option Agreement and the option provided for herein, this Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

12. NOTICE

Any notice hereunder by the Optionee to the Corporation shall be in writing and shall be deemed duly given if mailed or delivered to the Corporation at its principal office, addressed to the attention of the President or if so mailed or delivered to such other address as the Corporation may hereafter designate by notice to the Optionee. Any notice hereunder by the Corporation to the Optionee shall be in writing and shall be deemed duly given if mailed or delivered to the Optionee at the address specified below

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by the Optionee for such purpose, or if so mailed or delivered to such other address as the Optionee may hereafter designate by written notice given to the Corporation.

13. ENTIRE AGREEMENT

This Option Agreement and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; PROVIDED, HOWEVER, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Optionee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

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

TRANSACTION SYSTEMS ARCHITECTS, INC.

OPTIONEE:

By: _____

By: _____

William E. Fisher

< < NAME2 > >

ADDRESS FOR NOTICE TO OPTIONEE:

Number Street Apt.

City State Zip Code

Social Security Number Hire Date

DESIGNATED BENEFICIARY:

Please Print Last Name, First Name MI

Beneficiary's Street Address

City State Zip Code

Beneficiary's Social Security Number

I understand that in the event of my death, the above named beneficiary will have control of any unexercised options remaining in my account at that time. If no beneficiary is designated or if the named beneficiary does not survive me, the options will become part of my estate. This beneficiary designation does NOT apply to stock acquired by the exercise of options prior to my death.

SIGNATURE

DATE

1994 STOCK OPTION PLAN

< < NUMBER > >Options \$< < PRICE > >/Share Exercise Price < < DATE > >
Grant Date ACI

This document constitutes part of a prospectus covering securities that have been registered under the U.S. Securities Act of 1933. The date of this document is January 23, 1998.

TRANSACTION SYSTEMS ARCHITECTS, INC.

1996 STOCK OPTION PLAN

TRANSACTION SYSTEMS ARCHITECTS, INC.

1996 STOCK OPTION PLAN

SECTION 1. PURPOSE. The purpose of the Transaction Systems Architects, Inc. 1996 Stock Option Plan (the "Plan") is to provide long term incentives and rewards to employees and directors of Transaction Systems Architects, Inc. (the "Company") and any Subsidiary of the Company, by providing an opportunity to selected employees and directors to purchase Common Stock of the Company. By encouraging stock ownership, the Company seeks to attract and retain employees and directors and to encourage their best efforts to work at the success of the Company.

SECTION 2. DEFINITIONS. For purposes of this Plan, the following terms used herein shall have the following meanings, unless a different meaning is clearly required by the context.

2.1. "BOARD OF DIRECTORS" shall mean the Board of Directors of the Company.

2.2. "CODE" shall mean the Internal Revenue Code of 1986, as amended.

2.3. "COMMITTEE" shall mean the committee of the Board of Directors referred to in Section 5 hereof.

2.4. "COMMON STOCK" shall mean the Class A Common Stock of the Company.

2.5. "DIRECTORS" shall mean those non-employee members of the Board of Directors to whom grants may be made only in accordance with Section 12.

2.6. "EMPLOYEE" shall mean, with respect to an ISO or to a Non-Qualified Option, any person including an officer or employee-director of the Company, who, at the time an Option is granted to such person hereunder, is actively and customarily employed for 30 hours or more per week by the Company or any Subsidiary of the Company including, without limitation, employee-directors and officers.

2.7. "FAIR MARKET VALUE" shall mean the closing bid price on the date in question, as such price is reported by the National Association of Securities Dealers on the NASDAQ National Market or any successor system for a share of Common Stock.

Note: Shares available in this Plan have subsequently doubled to take into account a 2-for-1 stock split in June

2.8. "ISO" shall mean an option granted under the Plan which constitutes and shall be treated as an "incentive stock option" as defined in Section 422A(b) of the Code.

2.9. "NON-QUALIFIED OPTION" shall mean an option granted to a Participant pursuant to the Plan which is intended to be, and qualifies as, a "non-qualified stock option" as described in Treasury Regulation Section 1.83-7 and which shall not constitute nor be treated as an ISO.

2.10. "OPTION" shall mean any ISO or Non-Qualified Option granted to an Employee pursuant to this Plan.

2.11. "PARTICIPANT" shall mean any Employee or Director to whom an Option is granted under this Plan.

2.12. "SUBSIDIARY OF THE COMPANY" shall have the meaning set forth in Section 424(f) of the Code.

SECTION 3. ELIGIBILITY. Options may be granted to any Employee. Options may be granted to Directors only in accordance with Section 12. The Committee shall have the sole authority to select the Employees to whom Options are to be granted hereunder, and to determine whether an Employee is to be granted a Non-Qualified Option or an ISO or any combination thereof. No Employee shall have any right to participate in the Plan. Any Employee selected by the Committee for participation during any one period will not by virtue of such participation have the right to be selected as a Participant for any other period.

SECTION 4. COMMON STOCK SUBJECT TO THE PLAN.

4.1. The total number of shares of Common Stock for which Options may be granted under this Plan shall not exceed in the aggregate five hundred four thousand (504,000) shares of Common Stock. Fifty-four thousand (54,000) shares shall be made available to Directors in accordance with Section 12. Of the remaining 450,000 shares, no more than one hundred fifty thousand (150,000) shares shall be granted in any twelve month period to Employees, plus whatever shares for which Options have not been granted in previous years.

4.2. The shares of Common Stock that may be subject to Options granted under this Plan may be either authorized and unissued shares or shares reacquired at any time and now or hereafter held as treasury stock as the Committee may determine.

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In the event that any outstanding Option expires or is terminated for any reason, the shares allocable to the unexercised portion of such Option may again be subject to an Option granted under this Plan. If any shares of Common Stock acquired pursuant to the exercise of an Option shall have been repurchased by the Company, then such shares shall again become available for issuance pursuant to the Plan.

4.3. SPECIAL ISO LIMITATIONS.

(a) The aggregate Fair Market Value (determined as of the date an ISO is granted) of the shares of Common Stock with respect to which ISO's are exercisable for the first time by an Employee or Director during any calendar year (under all Incentive Stock Option Plans of the Company or any Subsidiary of the Company) shall not exceed \$100,000.

(b) No ISO shall be granted to an Employee or Director who, at the time the ISO is granted, owns (actually or constructively under the provisions of Section 425(d) of the Code) stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary of the Company, unless the option price is at least 110% of the Fair Market Value (determined as of the time the ISO is granted) of the shares of Common Stock subject to the ISO and the ISO by its terms is not exercisable more than five years from the date it is granted.

4.4. Notwithstanding any other provision of the Plan, the provisions of Sections 4.3(a) and (b) shall not apply, nor shall be construed to apply, to any Non-Qualified Option granted under the Plan.

SECTION 5. ADMINISTRATION OF THE PLAN.

5.1 The Plan shall be administered by the Compensation Committee of the Board of Directors, or such other committee of the Board as may be directed by the Board (the "Committee") consisting of no less than two persons. All members of the committee shall be "disinterested persons" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934. The Committee shall be appointed from time to time by, and shall serve at the pleasure of, the Board of Directors.

5.2. The Committee shall have the sole authority and discretion to grant Options under this Plan and, subject to the limitations set forth in Sections 6 and 12 hereof, to determine the terms and conditions of all Options, including, without limitation, (i) selecting the Participants who are to be granted Options hereunder; (ii) designating whether any Option to be granted hereunder is to be an ISO or a Non-Qualified Option; (iii) establishing the number of shares of Common Stock that may be issued under each Option; (iv) determining the time and the conditions subject to which Options may be exercised in whole or in part; (v) determining the form of the

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consideration that may be used to purchase shares of Common Stock upon exercise of any Option (including the circumstances under which the Company's issued and outstanding shares of Common Stock may be used by a Participant to exercise an Option); (vi) imposing restrictions and/or conditions with respect to shares of Common Stock acquired upon exercise of an Option; (vii) determining the circumstances under which shares of Common Stock acquired upon exercise of any Option may be subject to repurchase by the Company; (viii) determining the circumstances and conditions subject to which shares acquired upon exercise of an Option may be sold or otherwise transferred, including without limitation, the circumstances and conditions subject to which a proposed sale of shares of Common Stock acquired upon exercise of an Option may be subject to the Company's right of first refusal (as well as the terms and conditions of any such right of first refusal); (ix) establishing a vesting provision for any Option relating to the time (or the circumstance) when the Option may be exercised by a Participant, including vesting provisions which may be contingent upon the Company meeting specified financial goals; (x) requiring as a minimum vesting that no option may be exercised during the first year from the date it is granted, that after one year from the date an option is granted, it may be exercised as to not more than 25 percent of the shares optioned, and after the expiration of the second, third and fourth years from the date the option is granted, it may be exercised as to no more than an additional 25 percent of such shares plus any shares as to which the option might theretofore have been exercised but shall not have been exercised; (xi) accelerating the time when outstanding Options may be exercised, PROVIDED, HOWEVER, that any ISO's shall be "accelerated" within the meaning of Section 425(h) of the Code and (xii) establishing any other terms, restrictions and/or conditions applicable to any Option not inconsistent with the provisions of this Plan.

5.3. The Committee shall be authorized to interpret the Plan and may, from time to time, adopt such rules and regulations, not inconsistent with the provisions of the Plan, as it may deem advisable to carry out the purpose of this Plan.

5.4. The interpretation and construction by the Committee of any provision of the Plan, any Option granted hereunder or any agreement evidencing any such Option shall be final and conclusive upon all parties.

5.5 Only members of the Committee shall vote on any matter affecting the administration of the Plan or the granting of Options under the Plan.

5.6. All expenses and liabilities incurred by the Committee in the administration of the Plan shall be borne by the Company. The Committee may employ attorneys, consultants, accountants or other persons in connection with the administration of the Plan. The Company, and its officers and directors, shall be entitled to rely upon the advice, opinions or valuations of any such persons. No member of the Board of Directors (or the Committee) shall be liable for any action,

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determination or interpretation taken or made in good faith with respect to the Plan or any Option granted hereunder.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

6.1. ISO'S. The terms and conditions of each ISO granted under the Plan shall be specified by the Committee and shall be set forth in an ISO agreement between the Company and the Participant in such form as the Committee shall approve. The terms and conditions of each ISO shall be such that each ISO issued hereunder shall constitute and shall be treated as an "incentive stock option" as defined in Section 422A of the Code. The terms and conditions of any ISO granted hereunder need not be identical to those of any other ISO granted hereunder.

The terms and conditions of each ISO shall include the following:

(a) The option price shall be fixed by the Committee but shall in no event be less than 100% (or 110% in the case of a Participant referred to in Section 4.3(b) hereof) of the Fair Market Value of the shares of Common Stock subject to the ISO on the date the ISO is granted.

(b) ISO's, by their terms, shall not be transferable otherwise than by will or the laws of descent and distribution, and, during an Optionee's lifetime, an ISO shall be exercisable only by the Optionee.

(c) The Committee shall fix the term of all ISO's granted pursuant to the Plan (including the date on which such ISO shall expire and terminate) provided, however, that such term shall in no event exceed ten years from the date on which such ISO is granted (or, in the case of an ISO granted to an Employee referred to in Section 4.3(b) hereof, such term shall in no event exceed five years from the date on which such ISO is granted). Each ISO shall be exercisable in such amount or amounts, under such conditions and at such times or intervals or in such installments as shall be determined by the Committee in

its sole discretion.

(d) In the event that the Company or any Subsidiary of the Company is required to withhold any Federal, state, local or foreign taxes in respect of any compensation income realized by the Participant as a result of any "disqualifying disposition" of any shares of Common Stock acquired upon exercise of an ISO granted hereunder, the Company shall deduct from any payments of any kind otherwise due to such Participant the aggregate amount of such Federal, state, local or foreign taxes required to be so withheld or, if such payments are insufficient to satisfy such Federal, state, local or foreign taxes, such Participant will be required to pay to the Company, or make other arrangements satisfactory to the Company regarding payment to the Company of, the aggregate amount of any such taxes. A Participant may use issued

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and outstanding Common Stock for the payment of taxes. All matters with respect to the total amount of taxes to be withheld in respect of any such compensation income shall be determined by the Committee in its sole discretion.

(e) In the sole discretion of the Committee the terms and conditions of any ISO or Non-Qualified Option may (but need not) include any of the following provisions:

(i) In the event a Participant shall cease to be an Employee of the Company or Subsidiary of the Company for any reason other than as a result of his death or "disability" (within the meaning of Section 22(e)(3) of the Code), the unexercised portion of any ISO or Non-Qualified Option held by such Participant at that time may only be exercised within one month after the date on which the Participant ceased to be so employed, and only to the extent that the Participant could have otherwise exercised such ISO or Non-Qualified Option as of the date on which he ceased to be so employed.

(ii) In the event a Participant shall cease to be an Employee of the Company or Subsidiary of the Company by reason of his "disability" (within the meaning of Section 22(e)(3) of the Code), the unexercised portion of any ISO or Non-Qualified Option held by such Participant at that time may only be exercised within one year after the date on which the Participant ceased to be so employed, and to the extent that the Participant could have otherwise exercised such ISO or Non-Qualified Option if it had been completely exercisable.

(iii) In the event a Participant shall die while employed by the Company or Subsidiary of the Company (or within a period of one month after ceasing to be an Employee for any reason other than such "disability" or within a period of one year after ceasing to be an Employee by reason of such "disability"), the unexercised portion of any ISO or Non-Qualified Option held by such Participant at the time of his death may only be exercised within one year after the date of such Participant's death, and to the extent that the Participant could have otherwise exercised such ISO or Non-Qualified Option if it had been completely exercisable. In such event, such ISO or Non-Qualified Option may be exercised by the executor or administrator of the Participant's estate or by any person or persons who shall have acquired the ISO or Non-Qualified Option directly from the Participant by bequest or inheritance.

6.2. NON-QUALIFIED OPTIONS. The terms and conditions of each Non-Qualified Option granted under the Plan shall be specified by the Committee, in its sole discretion, and shall be set forth in a written option agreement between the Company and the Participant in such form as the Committee shall approve. The terms and conditions of each Non-Qualified Option will be such that each Non-Qualified Option issued hereunder shall not constitute nor be treated as an "incentive stock option" as defined in Section 422A of the Code and will be a "non-qualified stock option" for federal income tax purposes. The terms and conditions of any Non-Qualified Option

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granted hereunder need not be identical to those of any other Non-Qualified Option granted hereunder.

The terms and conditions of each Non-Qualified Option Agreement shall include the following:

(a) The option (exercise) price shall be fixed by the Committee and may be equal to, more than or less than 100% of the fair market value of the shares of Common Stock subject to the Non-Qualified Option on the date such Non-Qualified Option is granted.

(b) The Committee shall fix the term of all Non-Qualified Options granted pursuant to the Plan (including the date on which such Non-Qualified Option shall expire and terminate). Each Non-Qualified Option shall be exercisable in such amount or amounts, under such conditions, and at such times or intervals or in such installments as shall be determined by the Committee in its sole discretion.

(c) Non-Qualified Options shall not be transferable otherwise than by will or the laws of descent and distribution, and during a Participant's lifetime a Non-Qualified Option shall be exercisable only by the Participant.

(d) In the event that the Company is required to withhold any Federal, state, local or foreign taxes in respect of any compensation income realized by the Participant in respect of a Non-Qualified Option granted hereunder or in respect of any shares of Common Stock acquired upon exercise of a Non-Qualified Option, the Company shall deduct from any payments of any kind otherwise due to such Participant the aggregate amount of such Federal, state, local or foreign taxes required to be so withheld or, if such payments are insufficient to satisfy such Federal, state, local or foreign taxes, or if no such payments are due or to become due to such Participant, then, such Participant will be required to pay to the Company, or make other arrangements satisfactory to the Company regarding payment to the Company of, the aggregate amount of any such taxes. All matters with respect to the total amount of taxes to be withheld in respect of any such compensation income shall be determined by the Committee in its sole discretion.

SECTION 7. ADJUSTMENTS.

7.1 In the event that after the adoption of the Plan by the Board of Directors, the outstanding shares of the Company's Common Stock shall be increased or decreased or changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation through reorganization, merger or consolidation, recapitalization, reclassification, stock split, split-up, combination or exchange of shares or declaration of any dividends payable in Common Stock, the

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Board of Directors shall appropriately adjust (i) the number of shares of Common Stock (and the option price per share) subject to the unexercised portion of any outstanding Option (to the nearest possible full share), provided, however, that the limitations of Section 425 of the Code shall apply with respect to adjustments made to ISO's and (ii) the number of shares of Common Stock for which Options may be granted under this Plan, as set forth in Section 4.1 hereof, and such adjustments shall be effective and binding for all purposes of this Plan.

7.2 Notwithstanding the foregoing, in the event of (i) any offer to holders of the Company's Common Stock generally relating to the acquisition of their shares, including, without limitation, through purchase, merger or otherwise or (ii) any transaction generally relating to the acquisition of substantially all of the assets or business of the Company, the Committee may make such adjustment as it deems equitable in respect of outstanding Options including, without limitation, the revision or cancellation of any outstanding Options including providing for full vesting for all outstanding options, except that the Committee shall have no authority to accelerate the exercisability of Directors' Options as described in Section 12. Any such determination by the Committee shall be effective and binding for all purposes of this Plan.

SECTION 8. EFFECT OF THE PLAN ON EMPLOYMENT RELATIONSHIP. Neither this Plan nor any Option granted hereunder to a Participant shall be construed as conferring upon such Participant any right to continue in the employ of the Company or the service of the Company or any Subsidiary of the Company as the case may be, or limit in any respect the right of the Company or any Subsidiary of the Company to terminate such Participant's employment or other relationship with the Company or any Subsidiary of the Company, as the case may be, at any time.

SECTION 9. AMENDMENT OF THE PLAN. The Board of Directors may amend the Plan from time to time as it deems desirable; provided, however, that, without the approval of the holders of a majority of the outstanding stock of the Company present or represented and entitled to vote thereon at a meeting, the Board of Directors may not amend the Plan (i) to increase materially the benefits accruing to participants under the Plan, (ii) to increase materially (except for increases due to adjustments in accordance with Section 7 hereof) the aggregate number of shares of Common Stock for which Options may be granted hereunder or (iii) to modify materially the requirements as to eligibility for participation in the Plan.

SECTION 10. TERMINATION OF THE PLAN. The Board of Directors may terminate the Plan at any time. Unless the Plan shall theretofore have been terminated by the Board of Directors, the Plan shall terminate ten years after the date of its initial approval by the stockholders of the Company. No Option may be granted hereunder after termination of the Plan. The termination or amendment of the Plan shall not alter or

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impair any rights or obligations under any Option theretofore granted under the Plan.

SECTION 11. GRANT OF OPTIONS AND SUBSTITUTION AND RE-PRICING OF PREVIOUSLY GRANTED OPTIONS. Options may be granted, at the discretion of the Committee, in substitution for Options previously granted pursuant to the Plan, provided that any option so granted shall be exercisable at a new price which is not less than 100 percent of the Fair Market Value of the Common Stock on the date on which the replacement Options were granted. The Option agreement evidencing the replacement Options may, in the discretion of the Committee, contain the same terms and conditions, including, without limitation, the same vesting schedule as the agreement evidencing the original award. The Committee may, also, in its discretion, amend the terms of any Option agreement, with the consent of the affected Participant, provided that the Option price of the shares remaining subject to the original award shall be reestablished at a price not less than 100 percent of the Fair Market Value of the Common Stock on the effective date of the amendment. No modification of any other term or provision of any stock option agreement which is amended in accordance with the foregoing shall be required, although the Committee may, in its discretion, make such further modifications of any stock option agreement as are not inconsistent with or prohibited by the Plan.

SECTION 12. DIRECTORS' OPTIONS. A person who is not an employee of the Company or any Subsidiary of the Company and who is elected to serve on the Board of Directors of the Company commencing subsequent to the Effective Date of the Plan shall receive Options to purchase Ten Thousand (10,000) shares of Common Stock upon election to the Board of Directors. Each such Director shall also receive Options for two thousand (2,000) additional shares of Common Stock on the anniversary of his or her election to the Board in each of the four succeeding years so long as he or she remains a member of the Board of Directors on that next anniversary date.

No options granted hereunder may be exercised during the first year from the date it is granted; after one year from the date an Option is granted, it may be exercised as to not more than twenty percent (20%) of the shares optioned and after the expiration of the second, third, fourth, and fifth years from the date the Option is granted, it may be exercised as to no more than an additional twenty percent (20%) of such shares plus any shares as to which the Option might theretofore have been exercisable but shall not have been exercised.

12.1. FORFEITURE OF OPTIONS. Except as provided in Section 12.2 hereof, all Options granted to a Director shall automatically be forfeited by such person at the time such person shall cease to be a Director.

12.2. EXERCISE PERIOD AFTER RETIREMENT. Upon Retirement, a Director may exercise the exercisable options within 30 days after Retirement. The term

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"Retirement" means the termination of a Director's service on the Board, including resignation or not standing for election with the approval of the Board but shall not include any termination of service from an act of (a) fraud or intentional misrepresentation or (b) embezzlement, misappropriation or conversion of assets or opportunities of the Company or any direct or indirect majority-owned subsidiary of the Company, by such Director. The determination of whether termination results from such act shall be made by the Board of Directors, whose determination shall be conclusive.

SECTION 13. EFFECTIVE DATE OF THE PLAN. This Plan shall be effective as of April 1, 1996.

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TRANSACTION SYSTEMS ARCHITECTS, INC.

STOCK OPTION AGREEMENT

UNDER

1996 STOCK OPTION PLAN

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TRANSACTION SYSTEMS ARCHITECTS, INC.
STOCK OPTION AGREEMENT
1996 STOCK OPTION PLAN

This Stock Option Agreement (the "Option Agreement") is made as of < < DATE > >, by and between Transaction Systems Architects, Inc., (TSA) a Delaware corporation (the "Corporation") and < < NAME1 > >, an employee of the Corporation or its subsidiaries (the "Optionee").

WHEREAS, the Board of Directors of the Corporation has duly adopted and approved the 1996 Stock Option Plan (the "Plan"), which Plan authorizes the Corporation to grant to eligible individuals options for the purchase of shares of the Corporation's Class A Common Stock (the "Stock"); and

WHEREAS, the Corporation has determined that it is desirable and in its best interests to grant the Optionee, pursuant to the Plan, an option to purchase a certain number of shares of Stock, in order to provide the Optionee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein.

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

1. GRANT OF OPTION

Subject to the terms of the Plan, the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth in the Plan and in this Agreement, < < NUMBER > > shares of Class A Common Stock. The date of grant of this Option is < < DATE > >. THIS OPTION SHALL NOT CONSTITUTE AN INCENTIVE STOCK OPTION WITHIN THE MEANING OF SECTION 422 OF THE CODE.

2. TERMS OF PLAN

The Option granted pursuant to this Option Agreement is granted subject to the terms and conditions set forth in the Plan (a copy of which is provided with this Option Agreement). All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Option Agreement by reference and shall be deemed to

be part of this Option Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to exercise or termination of the Option following the Optionee's termination of employment, disability, death or retirement or certain changes in capitalization of the Corporation) are not otherwise set forth in this Option Agreement. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern.

3. PRICE

The purchase price (the "Option Price" or "Grant Price") for the shares of Stock subject to the Option granted by this Option Agreement is \$ < Price > per share.

4. EXERCISE OF OPTION

Except as otherwise provided herein, and subject to the provisions of the Plan (including restrictions on the transferability of the Option and special provisions relating to exercise or termination of the Option following the Optionee's termination of employment, disability, death or retirement or certain changes in capitalization of the Corporation), the Option granted pursuant to this Option Agreement shall be subject to exercise as follows:

4.1 TIME OF EXERCISE OF OPTION

The Optionee may exercise the Option (subject to the limitations on exercise set forth in this Agreement and in the Plan), in installments as follows:

- (i) No Option may be exercised during the first year from the date of grant of the Option, as set forth in Section 1 above;
- (ii) After one year from the date of grant of the Option, the Option shall be exercisable in respect of 25 percent of the number of shares specified in Section 1 above; and
- (iii) After the expiration of each of the second, third, and fourth years from the date of grant of the Option, the Option shall be exercisable in respect of an additional 25 percent of such shares specified in Section 1 above.

The foregoing installments, to the extent not exercised, shall accumulate and be exercisable, in whole or in part, at any time and from time to time, after becoming exercisable and prior to the termination of the Option; PROVIDED, that no single exercise of the Option shall be for less than 100 shares, unless the number of shares purchased is the total number at the time available for purchase under this Option.

4.2 TERMINATION OF OPTION

The Option shall terminate upon the earlier of the expiration of a period of (i) ten years from the date of grant of the Option, as set forth in Section 1 above, or (ii) one month from the date of the Optionee's termination of employment with the Corporation or a subsidiary; PROVIDED, HOWEVER, that if such termination of employment falls within the scope of one of the provisions of the Plan providing for an extended exercise period in excess of one month, the Option shall terminate upon the expiration of the extended period, as specified in such provision, after the Optionee's termination of employment with the Corporation or a subsidiary within which the Option is exercisable.

4.3 LIMITATIONS ON EXERCISE OF OPTION

Notwithstanding the foregoing Subsections, in no event may the Option be exercised, in whole or in part, after ten years following the date upon which the Option is granted, as set forth in Section 4.2 above, or after the occurrence of an event which results in termination of the Option under the Plan. In no event may the Option be exercised for a fractional share.

4.4 METHOD OF EXERCISE OF OPTION

CASH EXERCISE (TO EXERCISE AND RETAIN THE SHARES): Subject to the terms and conditions of this Option Agreement, the Option may be exercised by delivering written notice of exercise to the Corporation, at its principal office, addressed to the attention of Stock Plan Administration, or to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised, and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised. Payment of the Option Price for the shares of Stock

purchased pursuant to the exercise of the Option shall be made either in cash or by check payable to the order of the Corporation. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option. An attempt to exercise the Option granted hereunder other than as set forth above shall be invalid and of no force and effect. Promptly after exercise of the Option as provided for above, the Corporation shall deliver to the person exercising the Option a certificate or certificates for the shares of Stock being purchased.

SAME DAY SALE EXERCISE (TO EXERCISE AND IMMEDIATELY SELL THE SHARES): Subject to the terms and conditions of this Option Agreement, the Option may be

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exercised by delivering written notice of exercise to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised. The agent/broker shall request issuance of the shares and immediately and concurrently sell the Shares on your behalf. Payment of the Option Price for the shares of Stock purchased pursuant to the exercise of the Option, as well as any brokerage fees, transfer fees, and all applicable taxes due on the Option exercise, shall be deducted from the proceeds of the sale of the Shares. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option. Promptly after exercise of the Option as provided for above, the agent/broker shall deliver to the person exercising the Option the net proceeds from the sale of the shares of Stock being exercised and sold.

An attempt to exercise the Option granted hereunder other than as set forth above shall be invalid and of no force and effect.

4.5 PARACHUTE LIMITATIONS

Notwithstanding any other provision of this Option Agreement or the Plan or any other agreement, contract or understanding heretofore or hereafter entered into by the Optionee with the Corporation (or any subsidiary or affiliate thereof), except an agreement, contract or understanding hereafter entered into that expressly modifies or excludes application of this Subsection (the "Other Agreements"), and notwithstanding any formal or informal plan or other arrangements heretofore or hereafter adopted by the Corporation (or any such subsidiary or affiliate) for the direct or indirect compensation of the Optionee (including groups or classes of participants or beneficiaries of which the Optionee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Optionee (an "Other Benefit Plan"), the Optionee shall not have any right to exercise an Option or receive any payment or other benefit under this Option Agreement, any Other Agreement, or any Other Benefit Plan if such right to exercise, payment or benefit, taking into account all other rights, payments or benefits to or for the Optionee under this Option Agreement, all Other Agreements and all Other Benefit Plans, would cause any right, payment or benefit to the Optionee under this Option Agreement to be considered a "parachute payment" within the meaning of Section 280G(b)(2) of the Internal Revenue Code as then in effect (a "Parachute Payment"). In the event that the receipt of any such right to exercise or any other payment or benefit under this Option Agreement, any Other Agreement or any Other Benefit Plan would cause the Optionee to be considered to have received a Parachute Payment under this Agreement, then the Optionee shall have the right, in the Optionee's sole discretion, to designate those rights, payments or benefits under this Option Agreement, any Other Agreements, and/or any Other Benefit Plans, which should be reduced or eliminated so as to avoid having the right, payment or benefit to the Optionee under this Option Agreement be deemed to be a Parachute Payment.

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5. TRANSFERABILITY OF OPTIONS

During the lifetime of an Optionee, only such Optionee (or, in the event of legal incapacity or incompetency, the Optionee's guardian or legal representative) may exercise the Option. No Option shall be assignable or transferable by the Optionee to whom it is granted, other than by will or the laws of descent and distribution.

6. RIGHTS AS STOCKHOLDER

Neither the Optionee nor any executor, administrator, distributee or legatee of the Optionee's estate shall be, or have any of the rights or privileges of, a stockholder of the Corporation in respect of any shares of Stock issuable hereunder unless and until such shares have been fully paid and certificates representing such shares have been endorsed, transferred and delivered, and the name of the Optionee (or of such personal representative,

administrator, distributee or legatee of the Optionee's estate) has been entered as the stockholder or record on the books of the Corporation.

7. WITHHOLDING OF TAXES

The parties hereto recognize that the Corporation or a subsidiary may be obligated to withhold federal and local income taxes and Social Security taxes to the extent that the Optionee realizes ordinary income in connection with the exercise of the Option or in connection with a disposition of any shares of Stock acquired by exercise of the Option. The Optionee agrees that the Corporation or a subsidiary may withhold amounts needed to cover such taxes from payments otherwise due and owing to the Optionee, and also agrees that upon demand the Optionee will promptly pay to the Corporation or a subsidiary having such obligation any additional amounts as may be necessary to satisfy such withholding tax obligation. Such payment shall be made in cash or by check payable to the order of the Corporation or a subsidiary.

8. DISCLAIMER OF RIGHTS

No provision in this Option Agreement shall be construed to confer upon the Optionee the right to be employed by the Corporation or any subsidiary, or to interfere in any way with the right and authority of the Corporation or any subsidiary either to increase or decrease the compensation of the Optionee at any time, or to terminate any employment or other relationship between the Optionee and the Corporation or any subsidiary.

9. INTERPRETATION OF THIS OPTION AGREEMENT

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THIS OPTION SHALL NOT CONSTITUTE AN INCENTIVE STOCK OPTION WITHIN THE MEANING OF SECTION 422 OF THE CODE. All decisions and interpretations made by the Board or the Stock Option Committee thereof with regard to any question arising under the Plan or this Option Agreement shall be binding and conclusive on the Corporation and the Optionee and any other person entitled to exercise the Option as provided for herein.

10. GOVERNING LAW

This Option Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).

11. BINDING EFFECT

Subject to all restrictions provided for in this Option Agreement, the Plan, and by applicable law relating to assignment and transfer of this Option Agreement and the option provided for herein, this Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

12. NOTICE

Any notice hereunder by the Optionee to the Corporation shall be in writing and shall be deemed duly given if mailed or delivered to the Corporation at its principal office, addressed to the attention of the President or if so mailed or delivered to such other address as the Corporation may hereafter designate by notice to the Optionee. Any notice hereunder by the Corporation to the Optionee shall be in writing and shall be deemed duly given if mailed or delivered to the Optionee at the address specified below by the Optionee for such purpose, or if so mailed or delivered to such other address as the Optionee may hereafter designate by written notice given to the Corporation.

13. ENTIRE AGREEMENT

This Option Agreement and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; PROVIDED, HOWEVER, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Optionee hereunder, but no such waiver shall

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operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Option

Agreement, or caused this Option Agreement to be duly executed on their behalf, as of the day and year first above written.

TRANSACTION SYSTEMS ARCHITECTS, INC. OPTIONEE:

By: _____

William E. Fisher, President

By: _____

< < Name2 > >

ADDRESS FOR NOTICE TO OPTIONEE:

Number Street Apt.

City State Zip Code

SS# Hire Date

DESIGNATED BENEFICIARY:

Please Print Last Name, First Name MI

Beneficiary's Street Address

City State Zip Code

Beneficiary's Social Security Number

I understand that in the event of my death, the above named beneficiary will have control of any unexercised options remaining in my account at that time. If no beneficiary is designated or if the named beneficiary does not survive me, the options will become part of my estate. This beneficiary designation does NOT apply to stock acquired by the exercise of options prior to my death.

SIGNATURE

DATE

1996 STOCK OPTION PLAN

< < Number > >Options \$< < Price > >/Sh Exercise Price < < DATE > > ACI

TRANSACTION SYSTEMS ARCHITECTS, INC.

1999 STOCK OPTION PLAN

AS AMENDED BY
THE STOCKHOLDERS ON FEBRUARY 22, 2000,
THE BOARD OF DIRECTORS ON MAY 5, 2000, AND
THE STOCKHOLDERS ON FEBRUARY 20, 2001

TRANSACTION SYSTEMS ARCHITECTS, INC.
1999 STOCK OPTION PLAN

AS AMENDED BY
THE STOCKHOLDERS ON FEBRUARY 22, 2000,
THE BOARD OF DIRECTORS ON MAY 5, 2000, AND
THE STOCKHOLDERS ON FEBRUARY 20, 2001

SECTION 1. PURPOSE. The purpose of the Transaction Systems Architects, Inc. 1999 Stock Option Plan (the "Plan") is to provide long term incentives and rewards to employees of Transaction Systems Architects, Inc. (the "Company") and any Subsidiary of the Company, by providing an opportunity to selected employees to purchase Common Stock of the Company. By encouraging stock ownership, the Company seeks to attract and retain employees and to encourage their best efforts to work at the success of the Company.

SECTION 2. DEFINITIONS. For purposes of this Plan, the following terms used herein shall have the following meanings, unless a different meaning is clearly required by the context.

- 2.1. "BOARD OF DIRECTORS" shall mean the Board of Directors of the Company.
- 2.2. "CODE" shall mean the Internal Revenue Code of 1986, as amended.
- 2.3. "COMMITTEE" shall mean the committee of the Board of Directors referred to in Section 5 hereof.
- 2.4. "COMMON STOCK" shall mean the Class A Common Stock of the Company.
- 2.5. "DISABILITY" shall mean permanent and total disability as defined in Section 22(e)(3) of the Code.
- 2.6. "EFFECTIVE DATE" shall have the meaning set forth in Section 18.
- 2.7. "EMPLOYEE" shall mean any person, including an officer or employee-director of the Company or any Subsidiary of the Company, who, at the time an Option is granted to such person hereunder, is actively and customarily employed for 20 hours or more per week by the Company or any Subsidiary of the Company.
- 2.8. "EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.
- 2.9. "FAIR MARKET VALUE" shall mean the closing bid price on the date in question, as such price is reported by the National Association of Securities Dealers on the NASDAQ National Market or any successor system for a share of Common Stock.
- 2.10. "ISO" shall mean an option granted under the Plan which constitutes and shall be treated as an "incentive stock option" as defined in Section 422(b) of the Code.
- 2.11. "NON-QUALIFIED OPTION" shall mean an option granted under the Plan which does not constitute and is not treated as an ISO nor as an option described in Section 423(b) of the Code.
- 2.12. "OPTION" shall mean any ISO or Non-Qualified Option granted under this Plan.
- 2.13. "PARTICIPANT" shall mean any Employee to whom an Option is granted under the Plan.
- 2.14. "SUBSIDIARY OF THE COMPANY" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50 percent or more of the total combined voting power of

all classes of stock in one of the other corporations in such chain.

SECTION 3. ELIGIBILITY. Options may be granted to any Employee. The Committee shall have the sole authority to select the Employees to whom Options are to be granted hereunder and to determine whether an Employee is to be granted a Non-Qualified Option or an ISO or any combination thereof. No Employee shall have any right to participate in the Plan. Any Employee selected by the Committee for participation during any one period will not by virtue of such participation have the right to be selected as a Participant for any other period.

SECTION 4. COMMON STOCK SUBJECT TO THE PLAN.

4.1. The total number of shares of Common Stock for which Options may be granted under this Plan shall not exceed in the aggregate three million (3,000,000) shares of Common Stock, subject to adjustment pursuant to Section 7. The total number of shares of Common Stock for which Options may be granted to any employee within the meaning of Section 162(m) of the Code during any twelve month period shall not exceed 118,000 in the aggregate, subject to adjustment pursuant to Section 7.

4.2. The shares of Common Stock that may be subject to Options granted under this Plan may be either authorized and unissued shares or shares reacquired at any time and now or hereafter held as treasury stock as the Committee may determine. In the event that any outstanding Option expires or is terminated for any reason, the

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shares allocable to the unexercised portion of such Option may again be subject to an Option granted under this Plan. If any shares of Common Stock acquired pursuant to the exercise of an Option shall have been repurchased by the Company, then such shares shall again become available for issuance pursuant to the Plan.

4.3. SPECIAL ISO LIMITATIONS.

(a) The aggregate Fair Market Value (determined as of the date an ISO is granted) of the shares of Common Stock with respect to which ISO's are exercisable for the first time by a Participant during any calendar year (under all incentive stock option plans of the Company or any Subsidiary of the Company) shall not exceed \$100,000.

(b) No ISO shall be granted to an Employee who, at the time the ISO is granted, owns (actually or constructively under the provisions of Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary of the Company, unless the option price is at least 110% of the Fair Market Value (determined as of the time the ISO is granted) of the shares of Common Stock subject to the ISO and the ISO by its terms is not exercisable more than five years from the date it is granted.

4.4. Notwithstanding any other provision of the Plan, the provisions of Sections 4.3(a) and (b) shall not apply, nor shall be construed to apply, to any Non-Qualified Option granted under the Plan.

SECTION 5. ADMINISTRATION OF THE PLAN.

5.1 The Plan shall be administered by the Compensation Committee of the Board of Directors, or such other committee of the Board of Directors as may be directed by the Board of Directors (the "Committee") consisting of no less than two persons. All members of the committee shall be "Non-Employee Directors" within the meaning of Rule 16b-3 under the Exchange Act. The Committee shall be appointed from time to time by, and shall serve at the pleasure of, the Board of Directors.

5.2. The Committee shall have the sole authority and discretion to grant Options under this Plan and, subject to the limitations set forth in Sections 4.3 and 6 hereof, to determine the terms and conditions of all Options, including, without limitation, (i) selecting the Employees who are to be granted Options hereunder; (ii) designating whether any Option to be granted hereunder is to be an ISO or a Non-Qualified Option; (iii) establishing the number of shares of Common Stock that may be purchased under each Option upon exercise and the Option exercise price per share of Common Stock; (iv) determining the time and the conditions subject to which Options may be exercised in whole or in part; (v) determining the form of the consideration that may be used to purchase shares of Common Stock upon exercise of any Option (including the circumstances under which the Company's issued and outstanding shares of Common Stock or the shares of Common Stock available under the Option

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may be used by a Participant to exercise an Option) and establishing procedures in connection therewith; (vi) imposing restrictions and/or conditions with respect to shares of Common Stock acquired upon exercise of an Option; (vii)

determining the circumstances under which shares of Common Stock acquired upon exercise of any Option may be subject to repurchase by the Company, including without limitation, the circumstances and conditions subject to which a proposed sale of shares of Common Stock acquired upon exercise of an Option may be subject to the Company's right of first refusal (as well as the terms and conditions of any such right of first refusal); (viii) establishing procedures whereby a number of shares of Common Stock may be withheld from the total number of shares of Common Stock to be issued upon exercise of an Option to meet the obligation of withholding for federal and state income and other taxes, if any, incurred by the Participant upon exercise of an Option; (ix) accelerating or, with the consent of the Participant, deferring the time when outstanding Options may be exercised, provided, however, that any ISO's shall be "accelerated" within the meaning of Section 424(h) of the Code; (x) establishing any other terms, restrictions and/or conditions applicable to any Option not inconsistent with the provisions of the Plan; (xi) authorizing any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option previously granted by the Committee; and (xii) taking any other actions deemed necessary or advisable for the administration of the Plan.

5.3. The Committee shall be authorized to interpret the Plan and may, from time to time, adopt, amend and rescind such rules, regulations and procedures, not inconsistent with the provisions of the Plan, as it may deem advisable to carry out the purpose of the Plan.

5.4. The interpretation and construction by the Committee of any provision of the Plan, any Option granted hereunder or any agreement evidencing any such Option shall be final, conclusive and binding upon all parties.

5.5 Only members of the Committee shall vote on any matter affecting the administration of the Plan or the granting of Options under the Plan.

5.6. All expenses and liabilities incurred by the Committee in the administration of the Plan shall be borne by the Company. The Committee may employ attorneys, consultants, accountants or other persons in connection with the administration of the Plan. The Company, and its officers and directors, shall be entitled to rely upon the advice, opinions or valuations of any such persons. No member of the Board of Directors or the Committee shall be liable for any action, determination or interpretation taken or made in good faith with respect to the Plan or any Option granted hereunder.

5.7 Notwithstanding anything in the Plan to the contrary, with respect to any employee who is resident outside of the United States, the Committee may, in its sole discretion, amend the terms of the Plan in order to conform such terms with the

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requirements of local law or to meet the objectives of the Plan. The Committee may, where appropriate, establish one or more sub-plans for this purpose.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

6.1 ISO'S. Except as otherwise provided in this Section 6.1, the terms and conditions of each ISO granted under the Plan shall be specified by the Committee, in its sole discretion, and shall be set forth in a written ISO agreement between the Company and the Participant in such form as the Committee shall approve. No person shall have any rights under any ISO granted under the Plan unless and until the Company and the person to whom such ISO shall have been granted shall have executed and delivered an agreement expressly granting the ISO to such person and containing provisions setting forth the terms for the ISO. The terms and conditions of each ISO shall be such that each ISO issued hereunder shall constitute and shall be treated as an "incentive stock option" as defined in Section 422 of the Code. The terms and conditions of any ISO granted hereunder need not be identical to those of any other ISO granted hereunder. The terms and conditions of each ISO agreement shall include the following:

(a) The ISO exercise price shall be fixed by the Committee but shall in no event be less than 100% (or 110% in the case of an Employee referred to in Section 4.3(b) hereof) of the Fair Market Value of the shares of Common Stock subject to the ISO on the date the ISO is granted.

(b) ISO's shall not be transferable otherwise than by will or the laws of descent and distribution, and, during a Participant's lifetime, an ISO shall be exercisable only by the Participant.

(c) The Committee shall fix the term of all ISO's granted pursuant to the Plan (including the date on which such ISO shall expire and terminate) provided, however, that such term shall in no event exceed ten years from the date on which such ISO is granted (or, in the case of an ISO granted to an Employee referred to in Section 4.3(b) hereof, such term shall in no event exceed five years from the date on which such ISO is granted). Each ISO shall be exercisable in such amount or amounts, under such conditions and at such times or intervals or in such installments as shall be determined by the Committee in its sole discretion.

(d) In the event that the Company or any Subsidiary of the Company is required to withhold any Federal, state, local or foreign taxes in respect of any compensation income realized by the Participant as a result of any "disqualifying disposition" of any shares of Common Stock acquired upon exercise of an ISO granted hereunder, the Company or such Subsidiary of the Company shall deduct from any payments of any kind otherwise due to such Participant the aggregate amount of such Federal, state, local or foreign taxes required to be so withheld or, if such payments are insufficient to satisfy such Federal, state, local or foreign taxes, such Participant will be

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required to pay to the Company or such Subsidiary of the Company, or make other arrangements satisfactory to the Company or such Subsidiary of the Company regarding payment to the Company or such Subsidiary of the Company of, the aggregate amount of any such taxes. All matters with respect to the total amount of taxes to be withheld in respect of any such compensation income shall be determined by the Committee in its sole discretion. Subject to approval by the Committee, a Participant may elect to have such tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Common Stock to be acquired upon exercise of an Option, a number of shares of Common Stock with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due, or (ii) transferring to the Company shares of Common Stock owned by the Participant with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

6.2. NON-QUALIFIED OPTIONS. The terms and conditions of each Non-Qualified Option granted under the Plan shall be specified by the Committee, in its sole discretion, and shall be set forth in a written option agreement between the Company and the Participant in such form as the Committee shall approve. No person shall have any rights under any Non-Qualified Option granted under the Plan unless and until the Company and the person to whom such Non-Qualified Option shall have been granted shall have executed and delivered an agreement expressly granting the Non-Qualified Option to such person and containing provisions setting forth the terms for the Non-Qualified Option. The terms and conditions of each Non-Qualified Option will be such that each Non-Qualified Option issued hereunder shall not constitute nor be treated as an "incentive stock option" as defined in Section 422 of the Code or an option described in Section 423(b) of the Code and will be a "non-qualified stock option" for federal income tax purposes. The terms and conditions of any Non-Qualified Option granted hereunder need not be identical to those of any other Non-Qualified Option granted hereunder. The terms and conditions of each Non-Qualified Option agreement shall include the following:

(a) The Option exercise price shall be fixed by the Committee and may be equal to, more than or less than 100% of the Fair Market Value of the shares of Common Stock subject to the Non-Qualified Option on the date such Non-Qualified Option is granted.

(b) The Committee shall fix the term of all Non-Qualified Options granted pursuant to the Plan (including the date on which such Non-Qualified Option shall expire and terminate). Each Non-Qualified Option shall be exercisable in such amount or amounts, under such conditions, and at such times or intervals or in such installments as shall be determined by the Committee in its sole discretion.

(c) Non-Qualified Options shall not be transferable otherwise than by will or the laws of descent and distribution, and during a Participant's lifetime a Non-Qualified Option shall be exercisable only by the Participant.

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(d) In the event that the Company or any Subsidiary of the Company is required to withhold any Federal, state, local or foreign taxes in respect of any compensation income realized by the Participant in respect of a Non-Qualified Option granted hereunder or in respect of any shares of Common Stock acquired upon exercise of a Non-Qualified Option, the Company or such Subsidiary of the Company shall deduct from any payments of any kind otherwise due to such Participant the aggregate amount of such Federal, state, local or foreign taxes required to be so withheld or, if such payments are insufficient to satisfy such Federal, state, local or foreign taxes, or if no such payments are due or to become due to such Participant, then, such Participant will be required to pay to the Company or such Subsidiary of the Company, or make other arrangements satisfactory to the Company or such Subsidiary of the Company regarding payment to the Company or such Subsidiary of the Company of, the aggregate amount of any such taxes. All matters with respect to the total amount of taxes to be withheld in respect of any such compensation income shall be determined by the Committee in its sole discretion. Subject to approval by the Committee, a Participant may elect to have such tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Common Stock to be acquired upon exercise of an Option, a number of shares of Common Stock with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due, or (ii)

transferring to the Company shares of Common Stock owned by the Participant with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

6.3 VESTING; PERIOD FOR EXERCISE OF OPTION. In the sole discretion of the Committee, the terms and conditions of any Option may include any of the following provisions:

(a) An Option may not be exercised during the first year from the date it is granted. After the first anniversary of the date on which an Option is granted, it may be exercised as to not more than 33-1/3% of the shares of Common Stock available for purchase under the Option and, after the second and third anniversaries of the Option grant date, it may be exercised as to not more than an additional 33-1/3% of such shares plus any shares as to which the Option might theretofore have been exercisable but shall not have been exercised.

(b) Subject to subsection (d) below, if a Participant ceases to be an Employee of the Company or a Subsidiary of the Company for any reason other than as a result of his death or Disability, the unexercised portion of any Option held by such Participant at that time may only be exercised within one month after the date on which the Participant ceased to be so employed, but no later than the date the Option expires, and only to the extent that the Participant could have otherwise exercised such Option as of the date on which he ceased to be so employed. To the extent that the Participant is not entitled to exercise the Option on such date, or if the Participant does

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not exercise it within the time specified, such Option shall terminate. The Committee shall have the authority to determine the date a Participant ceases to be an Employee.

(c) Subject to subsection (d) below, if a Participant ceases to be an Employee of the Company or a Subsidiary of the Company by reason of his Disability, the unexercised portion of any Option held by such Participant at that time may only be exercised within one year after the date on which the Participant ceased to be so employed, but no later than the date the Option expires, and to the extent that the Participant could have otherwise exercised such Option if it had been completely exercisable. To the extent that the Participant is not entitled to exercise the Option on such date, or if the Participant does not exercise it within the time specified, such Option shall terminate. The Committee shall have the authority to determine the date a Participant ceases to be an Employee by reason of his Disability.

(d) If a Participant dies while employed by the Company or a Subsidiary of the Company (or dies within a period of one month after ceasing to be an Employee for any reason other than Disability or within a period of one year after ceasing to be an Employee by reason of Disability), the unexercised portion of any Option held by such Participant at the time of his death may only be exercised within one year after the date of such Participant's death, but no later than the date the Option expires, and to the extent that the Participant could have otherwise exercised such Option if it had been completely exercisable. Such Option may be exercised by the executor or administrator of the Participant's estate or by any person or persons who shall have acquired the Option directly from the Participant by bequest or inheritance. To the extent that the Option is not exercised on such date or if the Option is not exercised within the time specified, such Option shall terminate.

6.4. PROCEDURES FOR EXERCISE OF OPTION; RIGHTS OF STOCKHOLDER. Any Option granted hereunder shall be exercisable at such times, under such conditions, as shall be determined by the Committee and in accordance with the terms of the Plan. An Option may not be exercised for a fraction of a share of Common Stock. An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option agreement by the Participant entitled to exercise the Option and full payment for the shares of Common Stock with respect to which the Option is exercised has been received by the Company. Full payment may, as authorized by the Committee, consist of any form of consideration and method of payment allowable hereunder. Payment for the shares of Common Stock upon exercise of an Option shall be made in cash, by certified check, or if authorized by the Committee, by delivery of other shares of Common Stock having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the shares of Common Stock as to which the Option is being exercised, or if authorized by the Committee, by authorizing the Company to withhold from the total number of shares of Common Stock to be acquired upon exercise of an Option that number of shares of Common Stock having an aggregate Fair Market Value (as of the date the withholding is effected) that would equal the aggregate exercise price of the shares of Common

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Stock as to which the Option is being exercised, or by any combination of such methods of payment or by any other method of payment that may be permitted under applicable law and the Plan and authorized by the Committee under Section 5.2 of the Plan. Upon the receipt of notice of exercise and full payment for the shares

of Common Stock, the shares of Common Stock shall be deemed to have been issued and the Participant shall be entitled to receive such shares of Common Stock and shall be a stockholder with respect to such shares, and the shares of Common Stock shall be considered fully paid and nonassessable. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the stock certificate is issued, except as provided in Section 7 of the Plan. Each exercise of an Option shall reduce, by an equal number, the total number of shares of Common Stock that may thereafter be purchased under such Option.

SECTION 7. ADJUSTMENTS.

7.1 In the event that the outstanding shares of the Company's Common Stock shall be increased or decreased or changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation, effected without the receipt of consideration by the Company, through reorganization, merger or consolidation, recapitalization, reclassification, stock split, reverse stock split, split-up, combination or exchange of shares or declaration of any dividends payable in Common Stock, the Board of Directors shall appropriately adjust, subject to any required action by the stockholders of the Company, (i) the number of shares of Common Stock (and the Option exercise price per share) subject to the unexercised portion of any outstanding Option (to the nearest possible full share), provided, however, that the limitations of Section 424 of the Code shall apply with respect to adjustments made to ISO's and (ii) the number of shares of Common Stock for which Options may be granted under the Plan, as set forth in Section 4.1 hereof, and such adjustments shall be final, conclusive and binding for all purposes of the Plan. Except as expressly provided herein, no issuance by the Company of shares of stock of any class shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option.

7.2 Notwithstanding the foregoing, in the event of (i) any offer or proposal to holders of the Company's Common Stock relating to the acquisition of their shares, including, without limitation, through purchase, merger or otherwise, or (ii) any transaction generally relating to the acquisition of substantially all of the assets or business of the Company, or (iii) the dissolution or liquidation of the Company, the Committee may make such adjustment as it deems equitable in respect of outstanding Options (and in respect of the shares of Common Stock for which Options may be granted under the Plan), including, without limitation, the revision, cancellation, or termination of any outstanding Options, or the change, conversion or exchange of the shares of the Company's Common Stock under outstanding Options (and of the shares of the Company's Common Stock for which Options may be granted under the Plan)

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into or for securities or other property of another corporation. Any such adjustments by the Committee shall be final, conclusive and binding for all purposes of the Plan.

SECTION 8. EFFECT OF THE PLAN ON EMPLOYMENT RELATIONSHIP. Neither this Plan nor any Option granted hereunder to a Participant shall be construed as conferring upon such Participant any right to continue in the employ of the Company or any Subsidiary of the Company as the case may be, or limit in any respect the right of the Company or any Subsidiary of the Company to terminate such Participant's employment with the Company or any Subsidiary of the Company, as the case may be, at any time.

SECTION 9. AMENDMENT OF THE PLAN. The Board of Directors may amend the Plan from time to time as it deems desirable in its sole discretion without approval of the stockholders of the Company, except to the extent stockholder approval is required by Rule 16b-3 of the Exchange Act, applicable NASDAQ National Market or stock exchange rules, applicable Code provisions, or other applicable laws or regulations.

SECTION 10. TERMINATION OF THE PLAN. The Board of Directors may terminate the Plan at any time in its sole discretion. No Option may be granted hereunder after termination of the Plan. The termination or amendment of the Plan shall not alter or impair any rights or obligations under any Option previously granted under the Plan in any material adverse way without the affected Participant's consent.

SECTION 11. MODIFICATION, EXTENSION AND RENEWAL OF OPTIONS. Within the limitations of the Plan and subject to Section 7, the Committee may modify, extend or renew outstanding Options or accept the cancellation of outstanding Options for the granting of new Options in substitution therefor. Notwithstanding the preceding sentence, except for any adjustment described in Section 7, (i) no modification of an Option shall, without the consent of the Participant, alter or impair any rights or obligations under any Option previously granted under the Plan in any material adverse way without the affected Participant's consent, and (ii) the exercise price of outstanding Options may not be altered, amended or modified.

SECTION 12. GOVERNING LAW. The Plan and any and all Option agreements executed in connection with the Plan shall be governed by and construed in

accordance with the laws of the State of Delaware, without regard to conflict of laws principles.

SECTION 13. NO STRICT CONSTRUCTION. No rule of strict construction shall be applied against the Company, the Committee, or any other person in the interpretation of any of the terms of the Plan, any Option agreement, any Option granted under the Plan, or any rule, regulation or procedure established by the Committee.

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SECTION 14. SUCCESSORS. This Plan is binding on and will inure to the benefit of any successor to the Company, whether by way of merger, consolidation, purchase, or otherwise.

SECTION 15. SEVERABILITY. If any provision of the Plan or an Option agreement shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan or such agreement, and the Plan and such agreement shall each be construed and enforced as if the invalid provisions had never been set forth therein.

SECTION 16. PLAN PROVISIONS CONTROL. The terms of the Plan govern all Options granted under the Plan, and in no event will the Committee have the power to grant any Option under the Plan which is contrary to any of the provisions of the Plan. In the event any provision of any Option granted under the Plan shall conflict with any term in the Plan as constituted on the grant date of such Option, the term in the Plan as constituted on the grant date of such Option shall control.

SECTION 17. HEADINGS. The headings used in the Plan are for convenience only, do not constitute a part of the Plan, and shall not be deemed to limit, characterize, or affect in any way any provisions of the Plan, and all provisions of the Plan shall be construed as if no captions had been used in the Plan.

SECTION 18. EFFECTIVE DATE OF THE PLAN. The Plan shall be submitted to the stockholders of the Company for approval and ratification at the next regular or special meeting thereof to be held after January 1, 1999. Unless at such meeting the Plan is approved and ratified by the stockholders of the Company, in the manner provided by the Company's By-Laws, then and in such event, the Plan and any then outstanding Options that may have been conditionally granted prior to such stockholder meeting shall become null and void and of no further force and effect. Subject to the immediately preceding sentence, the Plan shall be effective as of February 23, 1999. The Plan shall continue in effect for a term of 10 years unless sooner terminated under Section 10.

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STOCK OPTION AGREEMENT

UNDER

TRANSACTION SYSTEMS ARCHITECTS, INC.
1999 STOCK OPTION PLAN
AS AMENDED BY
THE STOCKHOLDERS ON FEBRUARY 22, 2000,
THE BOARD OF DIRECTORS ON MAY 5, 2000, AND
THE STOCKHOLDERS ON FEBRUARY 20, 2001

US MASTER

< < NAME1 > >

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SIGNATURE PAGE (TO BE COMPLETED AND RETURNED)

STOCK OPTION AGREEMENT
TRANSACTION SYSTEMS ARCHITECTS, INC.
1999 STOCK OPTION PLAN
AS AMENDED BY
THE STOCKHOLDERS ON FEBRUARY 22, 2000,
THE BOARD OF DIRECTORS ON MAY 5, 2000, AND
THE STOCKHOLDERS ON FEBRUARY 20, 2001

This Stock Option Agreement (the "Option Agreement") is made as of < < DATE > >, by and between Transaction Systems Architects, Inc., ("TSA") a Delaware corporation (the "Corporation") and < < NAME1 > >, an employee of the Corporation or its subsidiaries (the "Optionee").

WHEREAS, the Board of Directors of the Corporation has duly adopted and approved the 1999 Stock Option Plan (the "Plan"), which Plan authorizes the Corporation to grant to eligible individuals options for the purchase of shares of the Corporation's Class A Common Stock (the "Stock"); and

WHEREAS, the Corporation has determined that it is desirable and in its best interests to grant the Optionee, pursuant to the Plan, an option to purchase a certain number of shares of Stock, in order to provide the Optionee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein.

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

1. GRANT OF NON-QUALIFIED STOCK OPTION

Subject to the terms of the Plan, the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth in the Plan and in this Agreement, < < NUMBER > > shares of Class A Common Stock. The Date of Grant of this Option is < < DATE > >. THIS OPTION SHALL NOT CONSTITUTE AN INCENTIVE STOCK OPTION WITHIN THE MEANING OF SECTION 422 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

2. TERMS OF PLAN

The Option granted pursuant to this Option Agreement is granted subject to the terms and conditions set forth in the Plan, a copy of which is attached to this Option Agreement. All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Option Agreement by reference and shall be

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deemed to be part of this Option Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to certain changes in capitalization of the Corporation) are not otherwise set forth in this Option Agreement. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern.

3. EXERCISE PRICE

The Exercise Price for the shares of Stock subject to the Option granted by this Option Agreement is \$< < PRICE > > per share.

4. EXERCISE OF OPTION

Except as otherwise provided herein, and subject to the provisions of the Plan (including restrictions on the transferability of the Option and special provisions relating to exercise or termination of the Option following the Optionee's termination of employment, disability, death or retirement or certain changes in capitalization of the Corporation), the Option granted pursuant to this Option Agreement shall be subject to exercise as follows:

4.1 TIME OF EXERCISE OF OPTION

The Optionee may exercise the Option (subject to the limitations on exercise set forth in this Agreement and in the Plan), in installments as follows:

- (i) No Option may be exercised during the first year from the Date of Grant;
- (ii) After one year from the Date of Grant, the Option shall be exercisable in respect of 33 and 1/3 percent of the number of shares specified in Section 1 above; and
- (iii) After the expiration of each of the second, and third years from the Date of Grant, the Option shall be exercisable in respect of an additional 33 and 1/3 percent of such shares specified in Section 1 above.

The foregoing installments, to the extent not exercised, shall accumulate and be exercisable, in whole or in part, at any time and from time to time, after becoming exercisable and prior to the termination of the Option; PROVIDED, that no single exercise of the Option shall be for less than 100 shares, unless at the time of the exercise, the maximum number of shares available for purchase under this Option is less than 100 shares. In no event shall the Option be exercised for a fractional share.

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4.2 TERMINATION OF OPTION

The Option shall terminate upon the earlier of the expiration of a period of (i) ten years from the Date of Grant, or (ii) one month from the date of the Optionee's termination of employment with the Corporation or a subsidiary; PROVIDED, HOWEVER, that if such termination of employment falls within the scope of one of the provisions of the Plan providing for an extended exercise period in excess of one month, the Option shall terminate upon the expiration of the extended period, as specified in such provision, after the Optionee's termination of employment with the Corporation or a subsidiary within which the Option is exercisable.

4.3 EFFECT OF OPTIONEE'S DISABILITY OR DEATH

If the Optionee ceases to be an Employee of the Corporation or a Subsidiary of the Corporation by reason of Disability, the unexercised portion of any Option held by such Optionee at that time will become immediately vested and will be exercisable for the shorter of one year from the date on which the Optionee ceased to be so employed or the remaining Option term. If the Optionee does not exercise the Option within the time specified, such Option shall terminate. The Corporation shall have the authority to determine the date an Optionee ceases to be an Employee by reason of Disability.

If the Optionee dies while employed by the Corporation or a Subsidiary of the Corporation (or dies within a period of one month after ceasing to be an Employee for any reason other than Disability or within a period of one year after ceasing to be an Employee by reason of Disability), the unexercised portion of any Option held by such Optionee at the time of death will become immediately vested and will be exercisable for the shorter of one year from the date of such Optionee's death, or the remaining Option term. Such Option may be exercised by the executor or administrator of the Optionee's estate or by any person or persons who shall have acquired the Option directly from the Optionee by bequest or inheritance. If the Option is not exercised within the time specified, such Option shall terminate.

4.4 LIMITATIONS ON EXERCISE OF OPTION

Notwithstanding the foregoing Subsections, in no event may the Option be exercised, in whole or in part, after ten years following the Date of Grant, or after the occurrence of an event which results in termination of the Option under the Plan.

4.5 METHOD OF EXERCISE OF OPTION

CASH EXERCISE (TO EXERCISE AND RETAIN THE SHARES): Subject to the terms and conditions of this Option Agreement, the Option may be exercised by delivering written notice of exercise to the Corporation, at its principal office, addressed to the attention of Stock

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Option Administration, or to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised, and shall be accompanied by payment in full of the Exercise Price of the shares for which the Option is being exercised plus the full amount of all applicable withholding taxes due on the Option exercise. Payment of the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option shall be made either in cash or by certified check payable to the order of the Corporation. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion. Promptly after exercise of the Option as provided for above, the Corporation shall deliver to the person exercising the Option a certificate or certificates for the shares of Stock being purchased.

SAME-DAY-SALE EXERCISE (TO EXERCISE AND IMMEDIATELY SELL ALL THE SHARES): Subject to the terms and conditions of this Option Agreement, the Option may be exercised by delivering written notice of exercise to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised and irrevocable instructions to promptly (1) sell all of the shares of Stock to be issued upon exercise and (2) remit to the Corporation the portion of the sale proceeds sufficient to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option and all applicable taxes due on the Option exercise. The agent/broker shall request issuance of the shares and immediately and concurrently sell the shares on the Optionee's behalf. Payment of the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option, any brokerage fees, transfer fees, and all applicable taxes due on the Option exercise, shall be deducted from the proceeds of the sale of the shares. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion. Promptly after exercise of the Option as provided for above, the agent/broker shall deliver to the person exercising the Option the net proceeds from the sale of the shares of Stock being exercised and sold.

SELL-TO-COVER EXERCISE (TO EXERCISE AND IMMEDIATELY SELL A PORTION OF THE SHARES): Subject to the terms and conditions of this Option Agreement, the Option may be exercised by delivering written notice of exercise to the agent/broker designated by the Corporation, which notice shall specify the number of shares for which the Option is being exercised and irrevocable instructions to promptly (1) sell the portion (which must be a whole number) of the shares of Stock to be issued upon exercise sufficient to generate proceeds to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option, any brokerage or transfer fees, and all applicable taxes due on the Option exercise (collectively the "Exercise Costs") and (2) remit to the Corporation a sufficient portion of the sale proceeds to pay the Exercise Price for the shares of Stock purchased pursuant to the exercise of the Option and all applicable taxes due on the Option exercise. The agent/broker shall request issuance of the shares and immediately and concurrently sell on the Optionee's behalf only such number of the Shares as is required to generate proceeds sufficient to pay the Exercise

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Costs. Promptly after exercise of the Option as provided for above, the Corporation shall deliver to the person exercising the Option a certificate for the shares of Stock issued upon exercise which are not sold to pay the Exercise Costs. Promptly after exercise of the Option as provided for above, the agent/broker shall deliver to the person exercising the Option any net proceeds from the sale of the Shares in excess of the Exercise Costs. If the person exercising the Option is not the Optionee, such person shall also deliver with the notice of exercise appropriate proof of his or her right to exercise the Option, as the Corporation may require in its sole discretion.

The Option shall not be exercisable if and to the extent the Corporation determines such exercise or method of exercise would violate applicable securities laws, the rules and regulations of any securities exchange or quotation system on which the Stock is listed, or the Company's policies and procedures. An attempt to exercise the Option granted hereunder other than as set forth above shall be invalid and of no force and effect.

4.6 PARACHUTE LIMITATIONS

Notwithstanding any other provision of this Option Agreement or the Plan or any other agreement, contract or understanding heretofore or hereafter entered into by the Optionee with the Corporation (or any subsidiary or affiliate thereof), except an agreement, contract or understanding hereafter entered into that expressly modifies or excludes application of this Subsection (the "Other Agreements"), and notwithstanding any formal or informal plan or other arrangements heretofore or hereafter adopted by the Corporation (or any such subsidiary or affiliate) for the direct or indirect compensation of the Optionee (including groups or classes of participants or beneficiaries of which the Optionee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Optionee (an "Other Benefit Plan"), the Optionee shall not have any right to exercise an Option or receive any payment or other benefit under this Option Agreement, any Other Agreement, or any Other Benefit Plan if such right to exercise, payment or benefit, taking into account all other rights, payments or benefits to or for the Optionee under this Option Agreement, all Other Agreements and all Other Benefit Plans, would cause any right, payment or benefit to the Optionee under this Option Agreement to be considered a "parachute payment" within the meaning of Section 280G(b)(2) of the Code as then in effect (a "Parachute Payment"). In the event that the receipt of any such right to exercise or any other payment or benefit under this Option Agreement, any Other Agreement or any Other Benefit Plan would cause the Optionee to be considered to have received a Parachute Payment under this Agreement, then the Optionee shall have the right, in the Optionee's sole discretion, to designate those rights, payments or benefits under this Option Agreement, any Other Agreements, and/or any Other Benefit Plans, which should be reduced or eliminated so as to avoid having the right, payment or benefit to the Optionee under this Option Agreement be deemed to be a Parachute Payment.

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5. TRANSFERABILITY OF OPTIONS

During the lifetime of an Optionee, only such Optionee (or, in the event of legal incapacity or incompetency, the Optionee's guardian or legal representative) may exercise the Option. No Option shall be assignable or transferable by the Optionee to whom it is granted, other than by will or the laws of descent and distribution.

6. RIGHTS AS STOCKHOLDER

Neither the Optionee nor any executor, administrator, distributee or legatee of the Optionee's estate shall be, or have any of the rights or privileges of, a stockholder of the Corporation in respect of any shares of Stock issuable hereunder unless and until such shares have been fully paid and certificates

representing such shares have been endorsed, transferred and delivered, and the name of the Optionee (or of such personal representative, administrator, distributee or legatee of the Optionee's estate) has been entered as the stockholder or record on the books of the Corporation.

7. WITHHOLDING OF TAXES

The parties hereto recognize that the Corporation or a subsidiary may be obligated to withhold federal, state and/or local income taxes and Social Security taxes to the extent that the Optionee realizes ordinary income in connection with the exercise of the Option or in connection with a disposition of any shares of Stock acquired by exercise of the Option. The Optionee agrees that the Corporation or a subsidiary may withhold amounts needed to cover such taxes from payments otherwise due and owing to the Optionee, and also agrees that upon demand the Optionee will promptly pay to the Corporation or a subsidiary having such obligation any additional amounts as may be necessary to satisfy such withholding tax obligation. Such payment shall be made in cash or by check payable to the order of the Corporation or a subsidiary.

8. DISCLAIMER OF RIGHTS

No provision in this Option Agreement shall be construed to confer upon the Optionee the right to be employed by the Corporation or any subsidiary, or to interfere in any way with the right and authority of the Corporation or any subsidiary either to increase or decrease the compensation of the Optionee at any time, or to terminate any employment or other relationship between the Optionee and the Corporation or any subsidiary.

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9. INTERPRETATION OF THIS OPTION AGREEMENT

All decisions and interpretations made by the Board or the Compensation Committee thereof with regard to any question arising under the Plan or this Option Agreement shall be binding and conclusive on the Corporation and the Optionee and any other person entitled to exercise the Option as provided for herein.

10. GOVERNING LAW

This Option Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).

11. BINDING EFFECT

Subject to all restrictions provided for in this Option Agreement, the Plan, and by applicable law relating to assignment and transfer of this Option Agreement and the option provided for herein, this Option Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

12. NOTICE

Any notice hereunder by the Optionee to the Corporation shall be in writing and shall be deemed duly given if mailed or delivered to the Corporation at its principal office, addressed to the attention of Stock Plan Administration or if so mailed or delivered to such other address as the Corporation may hereafter designate by notice to the Optionee. Any notice hereunder by the Corporation to the Optionee shall be in writing and shall be deemed duly given if mailed or delivered to the Optionee at the address specified below by the Optionee for such purpose, or if so mailed or delivered to such other address as the Optionee may hereafter designate by written notice given to the Corporation.

13. ENTIRE AGREEMENT

This Option Agreement and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Except for amendments to the Plan incorporated into this Option Agreement by reference pursuant to Section 2 above, neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; PROVIDED, HOWEVER, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the

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interests of the Optionee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

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SIGNATURE PAGE

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

TRANSACTION SYSTEMS ARCHITECTS, INC.

OPTIONEE:

By: _____
Larry G. Fendley

By: _____
< < NAME2 > >

ADDRESS FOR NOTICE TO OPTIONEE:

Number Street Apt.

City State Zip Code

SS# Hire Date

DESIGNATED BENEFICIARY:

Please Print Last Name, First Name MI

Beneficiary's Street Address

City State Zip Code

Beneficiary's Social Security Number

I understand that in the event of my death, the above named beneficiary will have control of any unexercised options remaining in my account at that time. If no beneficiary is designated or if the named beneficiary does not survive me, the options will become part of my estate. This beneficiary designation does NOT apply to stock acquired by the exercise of options prior to my death.

SIGNATURE DATE

After completing this page, please make a copy for your records and return it to Stock Plan Administration, Transaction Systems Architects, Inc., 224 S. 108 Avenue, Omaha, NE 68154

1999 STOCK OPTION PLAN - US PLAN
< < NUMBER > >Options \$< PRICE > >/Share Exercise Price < < DATE > >

MODIFICATIONS TO

INTERNATIONAL STOCK OPTION AGREEMENTS

NATURE OF GRANT

In accepting the grant, the Optionee acknowledges that: (i) the Plan is discretionary in nature and may be suspended or terminated by the Corporation at any time; (ii) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options even if Options have been granted repeatedly in the past; (iii) all decisions with respect to any such future grants will be at the sole discretion of the Corporation; (iv) the Optionee's participation in the Plan shall not create a right to further employment with his or her employer and shall not interfere with the ability of the Optionee's employer to terminate his or her employment relationship at any time with or without cause; (v) the Optionee's participation in the Plan is voluntary; (vi) the value of the Option is an extraordinary item which is outside the scope of the Optionee's employment contract, if any; (vii) the Option is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; (viii) in the event of involuntary termination of his or her employment, the Optionee's right to receive Options and vest in Options under the Plan, if any, will terminate effective as of the date that he or she is no longer actively employed regardless of any reasonable notice period mandated under local law; furthermore, in the event of involuntary termination of employment, the Optionee's right to exercise the Option after termination of employment, if any, will be measured by the date of termination of his or her active employment and will not be extended by any reasonable notice period mandated under local law; (ix) the Option has been granted to the Optionee in his or her status as an Employee of his or her employer, and, in the event that his or her employer is not the Corporation, the Option grant can in no event be understood or interpreted to mean that the Corporation is his or her employer or that he or she has an employment relationship with the Corporation; (x) the future value of the underlying shares is unknown and cannot be predicted with certainty; (xi) if the underlying shares do not increase in value, the Options will have no value; and (xii) no claim or entitlement to compensation or damages arises from termination of the Options or diminution in value of the Options or shares purchased through exercise of the Options and the Optionee irrevocably releases his or her employer, the Corporation and its Subsidiaries from any such claim that may arise.

DATA PRIVACY

The Optionee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in this document by and among, as applicable, his or her employer, the Corporation and its Subsidiaries for the exclusive purpose of implementing, administering and managing his or her participation in the Plan.

The Optionee understands that his or her employer, the Corporation and its Subsidiaries, as applicable, hold certain personal information about him or her, including, but not limited to, his

or her name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in his or her favor, for the purpose of implementing, administering and managing the Plan ("Data"). The Optionee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in his or her country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than his or her country. The Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing his or her participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any shares of stock acquired upon exercise of the Option. The Optionee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Optionee understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or withdraw the consents herein by contacting in writing his or her local human resources representative. The Optionee understands that withdrawal of consent may affect his or her ability to exercise or realize benefits from the Option.

RESPONSIBILITY FOR TAXES

The Optionee hereby acknowledges and agrees that the ultimate liability for any and all tax, social insurance and payroll tax withholding ("Tax-Related Items")

is and remains his or her responsibility and liability and that his or her employer, the Corporation and its Subsidiaries (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option grant, including the grant, vesting or exercise of the Option and the subsequent sale of shares acquired pursuant to such exercise; and (b) do not commit to structure the terms of the grant or any aspect of the Option to reduce or eliminate his or her liability for Tax-Related Items.

The Optionee agrees that prior to exercise of the Option, he or she shall pay or make adequate arrangements satisfactory to the Corporation and/or his or her employer, as applicable, to satisfy all withholding obligations of the Corporation and/or his or her employer, if any. In this regard, the Optionee authorizes the Corporation and/or his or her employer to withhold all applicable Tax-Related Items legally payable by him or her from his or her wages or other cash compensation paid to him or her by the Corporation and/or his or her employer, or from proceeds of sale. Alternatively, or in addition, where permissible under local law, the Optionee agrees and acknowledges that the Corporation may sell or arrange for the sale of shares that the Optionee is due to acquire to meet the minimum withholding obligation for Tax-Related Items. Any estimated withholding which is not required in satisfaction of any Tax-Related Items will be repaid to the Optionee by the Corporation or his or her employer, as applicable. Finally, the Optionee agrees that he or she shall pay to the Corporation or his or her employer, as applicable, any amount of any Tax-Related Items that the Corporation and/or his or her employer may be required to withhold as a result of his or her participation in the Plan or his or her purchase of shares that cannot be satisfied by the means previously described.

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SEVERABILITY

The provisions of this Option Agreement are severable and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

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